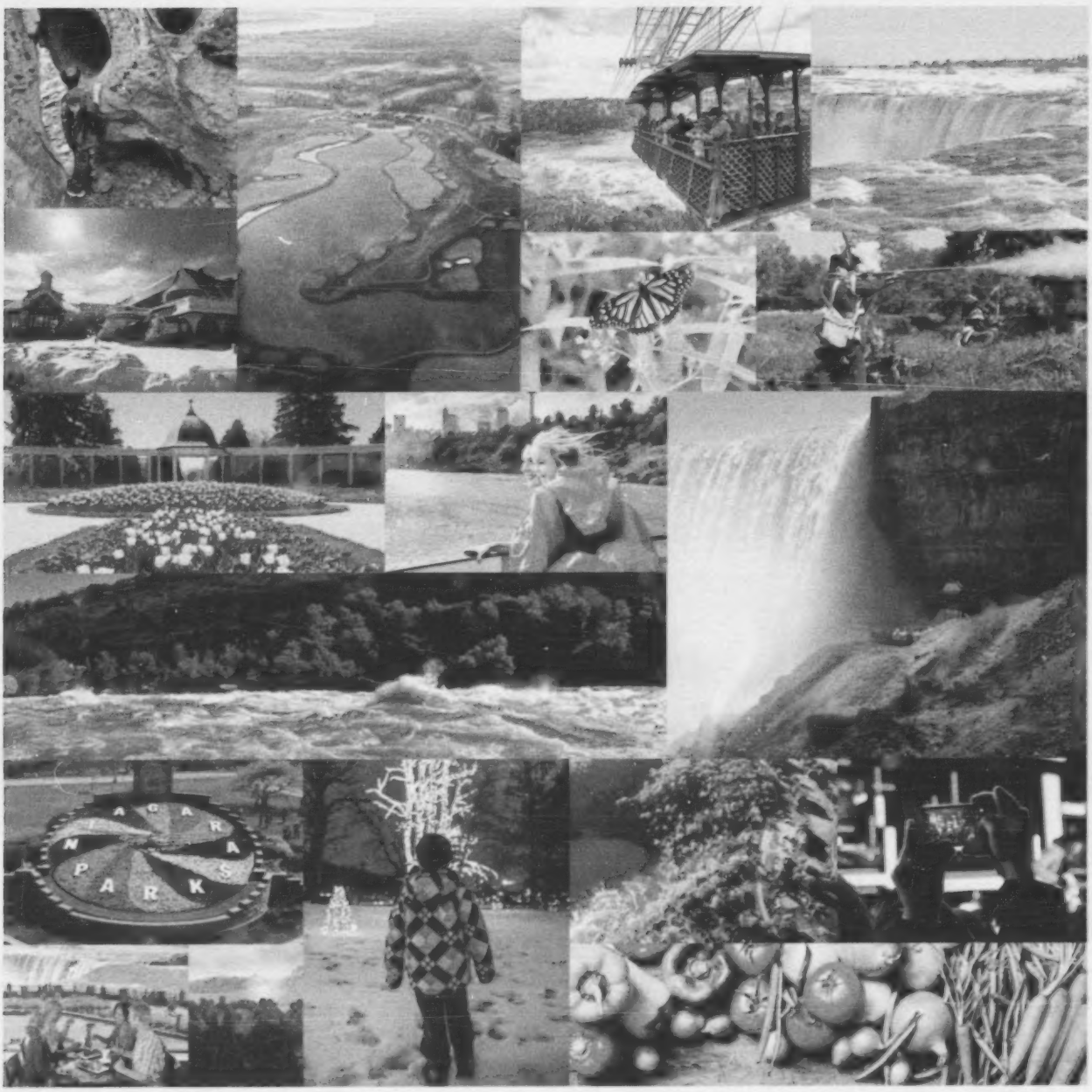
THE Niagara Parks COMMISSION

Niagara Parks
An agency of the Government of Ontario since 1885



November 1, 2013 to March 31, 2015

Annual Report

"In fine, the whole shore of the Niagara River from Lake Erie to Lake Ontario, restored and converted into one continued series of avenues and parks for the recreation and enjoyment of the millions of overworked and tired humanity, where they can come for a time from the turmoil of their busy and wearying lives to this mecca of peace and quietness, to commune with the majesty of nature."

- John Langmuir, Chair of The Niagara Parks Commission from 1893 to 1915

THE NIAGARA PARKS COMMISSION

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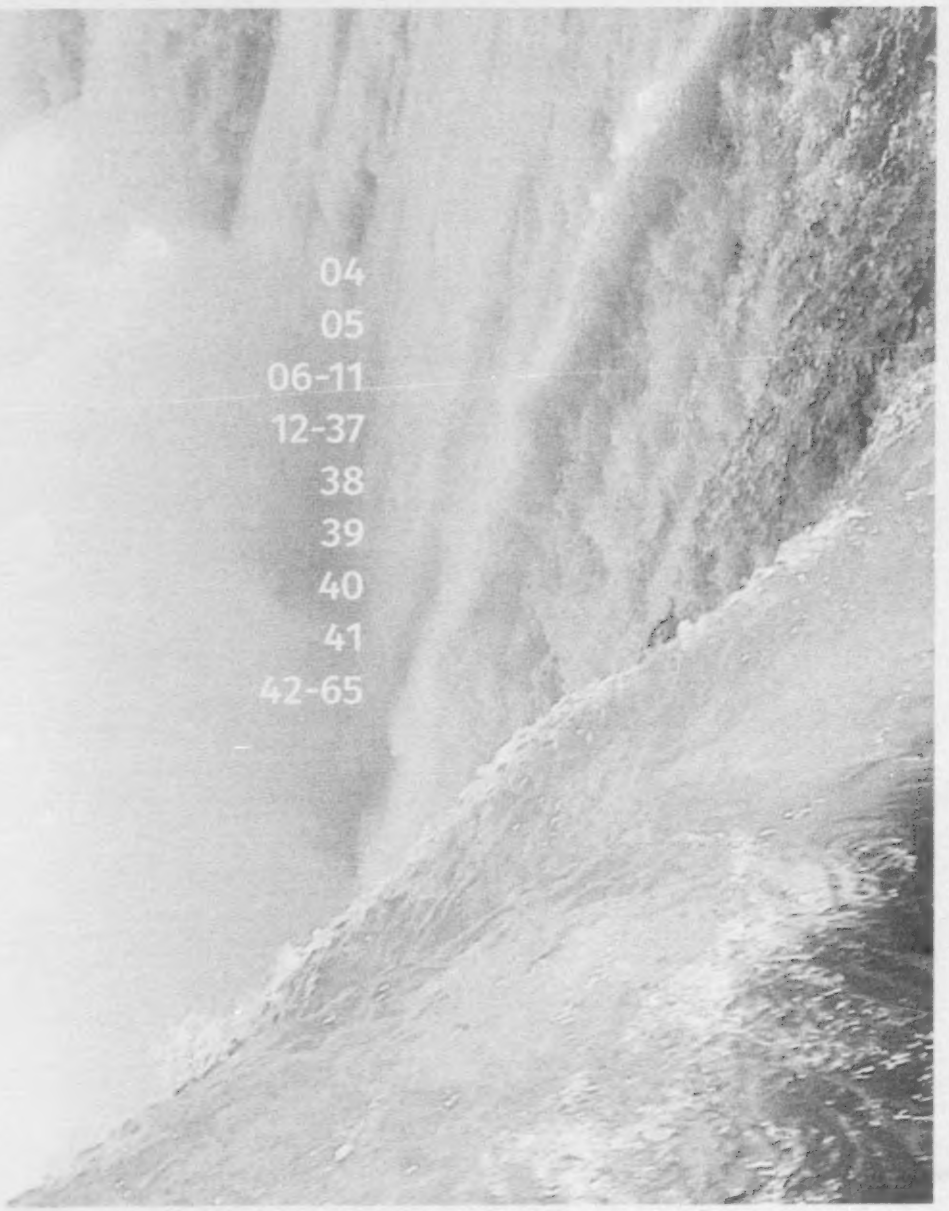

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THE NIAGARA PARKS COMMISSION

Our Role and Mission

Niagara is a region steeped in history and blessed by geography. As steward of one of the world's greatest natural wonders, The Niagara Parks Commission (NPC) plays a key role in maintaining, protecting and showcasing the grandeur of the Falls, while contributing to the economic growth and success of Niagara and Ontario.

As a self-funded agency of the provincial government, NPC is responsible for the maintenance of 1,325 hectares of parkland, stretching some 56 kilometres along the Niagara River from Lake Erie to Lake Ontario.

Our mission remains the same as it was when the Commission was first established in 1885:

To preserve and enhance the natural beauty of the Falls and the Niagara River corridor for the enjoyment of visitors while maintaining financial self-sufficiency.

Niagara Parks
An agency of the Government of Ontario since 1885

Ontario

THE NIAGARA PARKS COMMISSION

The Commissioners

Janice Thomson,
Chair
Appointed Nov. 16, 2011
Term expires Nov. 15, 2015

Joan Andrew,
Vice Chair
Appointed Dec. 5, 2012
Term expires June 2, 2018

Pat Darte, *Commissioner*
(Niagara-on-the-Lake nominee)
Appointed Feb. 25, 2015
Term expires Nov. 30, 2015

James Detenbeck,
Commissioner
Appointed Aug. 1, 2012
Term expires July 31, 2015

Jim Diodati, *Commissioner*
(Regional Municipality of Niagara nominee)
Appointed Feb. 25, 2015
Term expires Nov. 30, 2015

David Eke, *Commissioner*
(Niagara-on-the-Lake nominee)
Appointed Aug. 19, 2011
Term expired Nov. 30, 2014

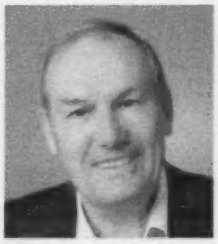
Lois Anne Giles,
Commissioner
Appointed June 20, 2012
Term expires July 19, 2016

Michael Goodale,
Commissioner
Appointed Feb. 12, 2014
Term expires Feb. 11, 2017

Barbara Greenwood,
Commissioner
(Regional Municipality of Niagara nominee)
Appointed Aug. 19, 2011
Term expired Nov. 30, 2014

Vincent Kerrio,
Commissioner
(City of Niagara Falls nominee)
Appointed Apr. 18, 2007
Term expires Dec. 30, 2015

Douglas Martin,
Commissioner
(Town of Fort Erie nominee)
Appointed Apr. 18, 2007
Term expired Nov. 30, 2014



Ian Nielsen-Jones,
Commissioner
Appointed June 20, 2012
Term expires July 19, 2016

Kerry Pond,
Commissioner
Appointed Mar. 1, 2012
Term expires Aug. 12, 2015

Wayne Redekop, *Commissioner*
(Town of Fort Erie nominee)
Appointed Feb. 25, 2015
Term expires Nov. 30, 2015

Virginia West,
Commissioner
Appointed Nov. 29, 2010
Term expires Nov. 30, 2016

THE NIAGARA PARKS COMMISSION

A Message From the Chair

A tremendous sense of pride and accomplishment can best describe the 2014 year for The Niagara Parks Commission (NPC), as work on initiatives such as the transition of the boat tour operations and the successful conclusion of the bicentennial celebrations of the War of 1812, helped reconfirm the importance of the Commission and its role in the tourism industry, both in Niagara and throughout the Province of Ontario.

Heading into 2014, a successful transition in boat tour providers was identified as being the number one business priority for the Commission. As such, both Niagara Parks and Hornblower Niagara Cruises made significant investments in their products and services in anticipation of the launch of this new boat tour service.

For the first time since 1990, NPC invested close to $1 million in renovations to its Grand View Marketplace, to provide visitors with distinctive new Niagara Parks' shopping, dining and entertainment options at this important gateway. Results from this re-investment were quickly realized, with retail sales at Grand View Marketplace growing by 6.9 per cent or an additional $323,026 from its opening in May until the end of November 2014.

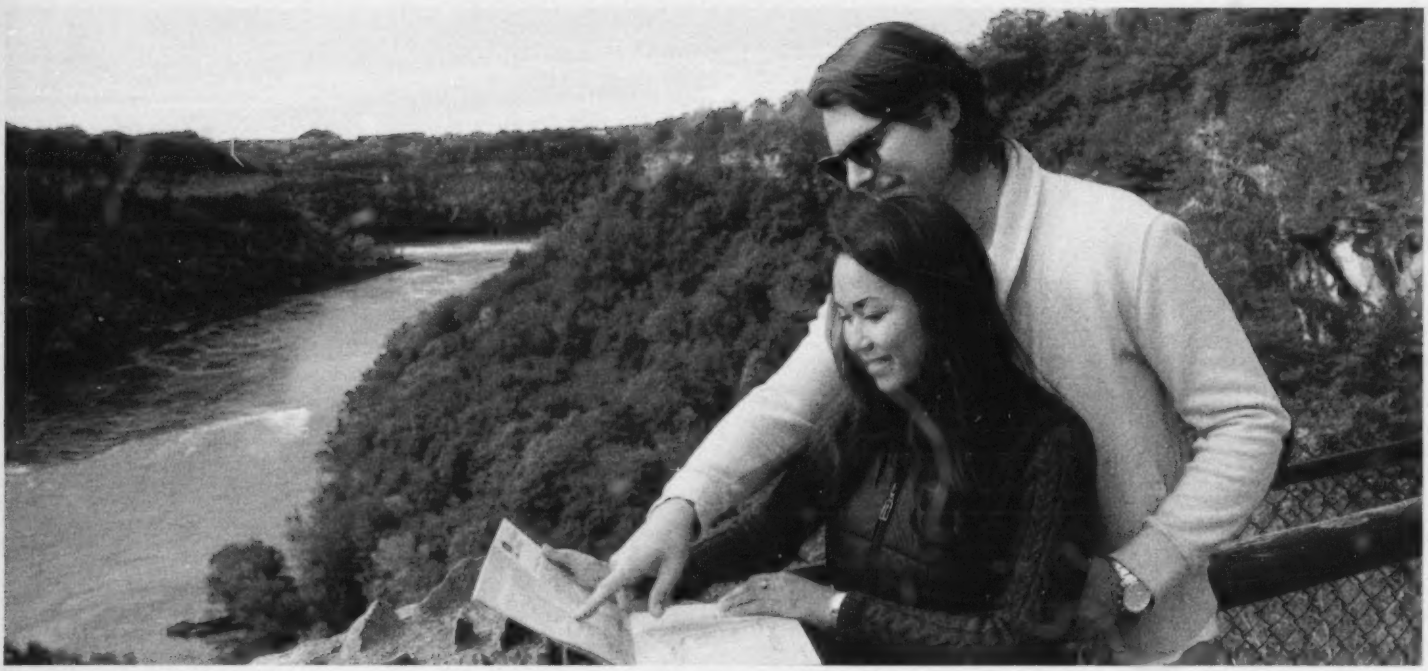
Entering the spring of 2014, NPC was able to restore operation of its new Falls Incline Railway, which had been impacted by a regional water main break, necessitating its closure from December 2013 to May of 2014. The rehabilitation and re-entry into service of the Incline Railway was an important development for Niagara Parks, as the new fully-accessible and year-round service has vastly improved the links between Niagara Parks' Table Rock Centre and the Fallsview tourism area. Over 750,000 visitors enjoyed a trip on the new and improved Falls Incline Railway in 2014.

NPC is focused on plans to complete the transformation of the Lower Falls Incline Plaza, initiated in February 2015. The revitalization of this Plaza is intended to create a more welcoming environment for the thousands of visitors entering Niagara Parks each day. It will continue to build on NPC's efforts to improve the accessibility of its sites and attractions, while enhancing the overall experience for all those visiting Niagara Parks.

The enhanced, year-round pedestrian access at the Falls Incline Plaza will provide NPC with opportunities to examine new programming options and services. The Plaza will be a perfect meeting place where people can relax, enjoy the surroundings, plan their visit and gather information about everything Niagara Parks has to offer. This is particularly timely, as Niagara and Niagara Parks prepared themselves to help welcome the world in 2015, with events such as Rendez-vous Canada and the Pan Am and Parapan Am Games to be held in Ontario in the spring and summer of 2015.

Niagara Parks is home to the greatest concentration of War of 1812 battlefield sites within Canada and that provided the opportunity for us to play a leading role in the major bicentennial events. In July and August of 2014, re-enactments commemorating the 200th anniversaries of both the Battle of Chippawa and Siege of Old Fort Erie were a great success, drawing large numbers of re-enactors , as well as thousands of spectators who gathered to pay tribute to the sacrifices made by the British, Canadian and American soldiers and Native allies during the conflict.

As part of this commemoration effort, Niagara Parks and the Niagara 1812 Legacy Council were pleased to play host to a visiting delegation from the community of Ghent, Belgium. It was here that a friendship, forged in fire some 200 years ago, would soon take root when the United States and Great Britain signed the Treaty of Ghent, ending hostilities between both sides on December 24, 1814. As part of this visit, representatives of the Treaty of Ghent Association, led by Governor Jan Briers, presented Niagara Parks with Peace Roses to be planted at both Old Fort Erie and Queenston Heights. These roses will



serve as a poignant reminder of what occurred on those lands, now protected by NPC, as well as a symbol of the enduring friendship firmly established between two great countries and the community of Ghent and its citizens.

NPC undertook a re-branding exercise in 2014 to further promote Niagara Parks as a significant provincial tourism agency, to encourage visitation to Niagara, as well as highlight our efforts towards preservation of our historic sites and the overall enhancement of lands. As part of these efforts, a newly developed marketing and promotional campaign was undertaken, with concentration placed on the creation of a new magazine-style visitor guide, the first in many years, with over 750,000 copies widely circulated to Canadian and U.S. markets to promote all that Niagara Parks has to offer.

Niagara Parks continued to take a leading role in the development of events and promotions to further enhance and foster visitation to Niagara and Niagara Parks. In August, Niagara Parks presented Onguiaahra, meaning Thunder of Waters – a new, exciting family entertainment experience – that delivers a spectacular performance of music and entertainment culminating in a sound and laser show that showcases the fascinating story of Niagara.

During the month of August, Niagara Parks was also proud to celebrate the 125th anniversary of its Journey Behind the Falls attraction. To help mark this important occasion, a month-long celebration was planned to highlight the popular tourism site and its importance to NPC and visitors from around the globe. As part of its celebratory plans, NPC created an engaging new interpretive program to share the Journey's unique history with its visitors. Niagara Parks also made use of social media to engage its visitors and encourage them to share their stories, thoughts and images of this popular tourism attraction.

THE NIAGARA PARKS COMMISSION

A Message From the Chair

In addition to hosting its own events, Niagara Parks continued to play a leadership role within the destination by working with local stakeholder groups and various government organizations on joint promotional efforts, including an expanded Falls fireworks program, revitalized Winter Festival of Lights celebration and the traditional New Year's Eve concert held within Queen Victoria Park.

Niagara Parks and the Niagara Falls Illumination Board issued a Request for Qualifications (RFQ) to investigate new lighting technology and capabilities to improve the overall illumination of both the Canadian Horseshoe and American Falls. It has been nearly 20 years since there has been a major investment in lighting technology and events such as the Wallenda Walk and Red Bull Crashed Ice have shown that there is potential for enhancements to the current lighting infrastructure.

Work also continues on Niagara Parks' plan for a new Zip Line and Aerial Adventure attraction. The final business case has been completed and it is the Commission's intention to open the new attractions at NPC's Grand View Marketplace and Thompson Point locations in 2016.

In June 2014, the Commission conducted a public visioning exercise to review enhanced uses and/or improvements to the Niagara Parks' Marina at Miller's Creek. NPC views the marina and its potential ancillary uses as an important component of the Niagara Parkway system for tourism, recreational and trail uses and we look forward to creating a future plan for the site that is consistent with our stewardship role and public mandate.

During the summer months, Niagara Parks Golf was busy hosting two prestigious Golf Canada events, which showcased some of the best golfers in Canada. In June, the Canadian Women's Tour made its second stop of its season at the Battlefield Course of NPC's Legends on the Niagara Golf complex. In July, the future of Canadian men's golf was on display, as NPC's Legends again played host -- this time to the 2014 Canadian Junior Boys Championship.

Unfortunately, Niagara Parks Whirlpool Golf Course was impacted greatly by the severe winter weather in Niagara and across Ontario in 2014. The harsh winter resulted in NPC having to rebuild several of the course greens, leading to a delay in Whirlpool's opening until late June 2014 (in comparison, Legends on the Niagara Golf Complex opened in April, with minimal damage). While it would have been possible to open earlier, with a shorter course layout, NPC decided not to take this approach. We wanted to ensure the integrity and reputation of the famed Stanley Thompson design and, as such, opened only when it was ready to welcome all to enjoy this time-honoured, classic course

In 2014, NPC's culinary team initiated several steps to meet customer needs while improving financial performance. Exciting new changes included menu engineering and a trend toward more locally grown fare and produce, as well as promoting locally produced craft beers with resounding success. These efforts helped lead NPC to join the Ontario Tourism Culinary Alliance in 2014, as Niagara Parks shares in the Alliance's ambition to support the culinary industry in Ontario as a tourism attractor.

Alliance and partnerships are words that also describe the 2014 year for Niagara Parks. For example, this past spring, we were pleased to host our 2nd annual community Tree Planting event with Forests Ontario (formerly Trees Ontario). Since entering into this formal partnership in 2012, over 150 volunteers have joined us to plant approximately 1,200 trees on Niagara Parks' property. This initiative, as well as our recently concluded partnership agreement with The Canadian Wildlife Federation in the fall of 2014, speaks to our commitment to our natural heritage and to working together with our partners and the community in preserving and conserving Niagara Parks for future generations.

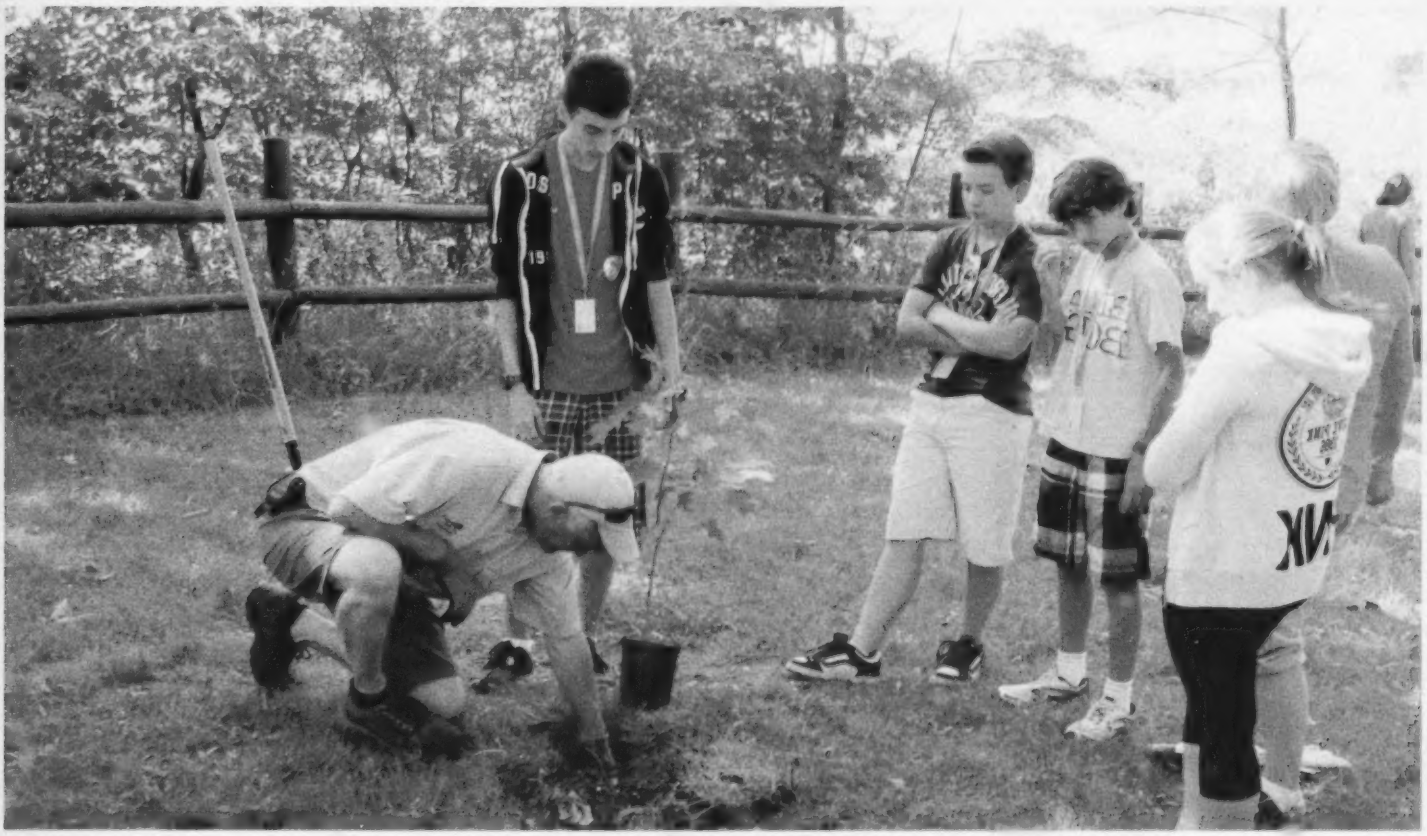
Agreements such as these have also allowed NPC to address concerns such as deforestation threats due to climate change and invasive species, such as the Emerald

"Niagara Falls is recognized throughout the globe as a premier natural tourism attraction and destination. For almost 130 years now, The Niagara Parks Commission has surrounded Niagara Falls and the Niagara River corridor with carefully groomed parks; a safe, relaxing and inspired environment; exhilarating activities; spaces to enjoy nature and revel in our past; and wonderful amenities for everyone to experience. It is a responsibility we are proud to undertake and we will continue to work with all of our partners to highlight the best of what Niagara and Ontario's Niagara Parks has to offer."

- Janice Thomson, Chair of The Niagara Parks Commission, March 2015

THE NIAGARA PARKS COMMISSION

A Message From the Chair



Ash Borer (EAB). This non-native insect burrows into Ash tree bark and removes the ability of the tree to retain the nutrients it needs to sustain its health and growth. In response, municipalities and agencies across Ontario have taken various measures to limit the impacts of EAB on tree lined streets and within forested areas. NPC has developed its own proactive Emerald Ash Borer Forestry Management Plan to address the impact of this particular species, which has affected the high concentration of ash trees found throughout NPC's Legends on the Niagara Golf Complex.

Presently there are an estimated 2,000 ash trees on Niagara Parks' property along the Niagara Parkway and 120,000 to 180,000 ash trees at Legends on the Niagara. Due to these increasing threats to forested areas, NPC has

greatly expanded its own tree planting program, with the support of organizations such as Forests Ontario. In 2014, over 30,000 trees were planted, including the restoration of over nine hectares (24 acres) at the Legends on the Niagara Golf Course Complex. During 2015 and 2016, an additional 40,000 new trees and seedlings will be planted as part of NPC's forestry restorative efforts.

Speaking to our commitment to the environment, The Niagara Parks Commission was extremely proud of its Legends on the Niagara Golf Complex, for its decade long effort to obtain designation as a "Certified Audubon Cooperative Sanctuary," through the Audubon Cooperative Sanctuary Program for Golf Courses. To reach certification, a course must demonstrate that they are maintaining a high degree of environmental quality in a number of areas. These categories include: Environmental Planning, Wildlife & Habitat Management, Outreach and Education, Chemical Use Reduction and Safety, Water Conservation, and Water Quality Management. NPC's Legends on the Niagara is the 52nd golf course in Ontario and the 876th in the world to be designated as an Audubon Cooperative Sanctuary.

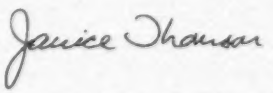
A major change to have taken place this year was the decision of the Commission to adjust its fiscal year end, from October 31, 2014 to March 31, 2015. This resulted in the need to create a 17-month annual report, as well as Financial Statements that capture our financial position from November 1, 2013 to March 31, 2015 (17 months). The reason for this change was to allow Niagara Parks to coincide its year-end with that of the Province. Doing so will provide greater efficiencies as well as assist in the development of future business plans and capital planning. This 17-month report will cover two winter periods; traditionally slower times for both visitation and revenue generation for the Commission.

Niagara Parks welcomes the provincial government's new Agencies and Appointment Directive (February 2015). The Directive's goals, in part, are to enhance agency transparency and accountability. Niagara Parks is pleased to report it has already been undertaking many of the initiatives proposed, such as the public posting of expenses for Commissioners and Senior Staff. We now look forward to providing access to our Memorandum of Understanding, as well as our Business Plans, so the public can have a better sense of the direction and initiatives Niagara Parks will be following as we move into the future.

Niagara Falls is recognized around the globe as a premier natural tourism attraction and destination. For almost 130 years now, The Niagara Parks Commission has surrounded Niagara Falls and the Niagara River corridor with carefully groomed parks; a safe, relaxing and inspired environment; exhilarating activities; spaces to enjoy nature and revel in our past; and wonderful amenities for everyone to experience. It is a responsibility we are proud to undertake and we will continue to work with all of our partners to highlight the best of what Niagara and Ontario's Niagara Parks has to offer.

As Chair of The Niagara Parks Commission, I am extremely proud of all the efforts to date and grateful to the dedicated staff and Commissioners. Without their ongoing support and hard work, many of these important achievements and results would not have been possible.

Janice Thomson, Chair



The Niagara Parks Commission

A Year in Review

NOVEMBER 2013

NPC Glows

November 2013

31st Annual Winter Festival of Lights Opening Ceremony

Queen Victoria Park was the place to be on Saturday, November 9, 2013 as the 31st annual Winter Festival of Lights officially kicked-off. Over 120 animated light displays and three million sparkling tree and ground lights were lit, transforming the Niagara Parkway and Queen Victoria Park into a Winter Wonderland not to be missed. The Niagara Parks Commission is proud to be among the founding partners of this important winter tourism event and to be one of its largest continuing corporate sponsors.

NPC Accessibility

November 2013

NPC Presents Multi-Year Accessibility Plan

On November 27, 2013, Niagara Parks held a public consultation session on its Multi-Year Accessibility Plan. The presentation provided details on several of the initiatives Niagara Parks has undertaken to address and remove barriers to information and communications, and employment and transportation, for people with disabilities. The Commission takes tremendous pride as an organization in welcoming visitors from around the world and strives to ensure its operations are as inclusive as possible, so that all those who visit Niagara Parks have an experience that is second to none.

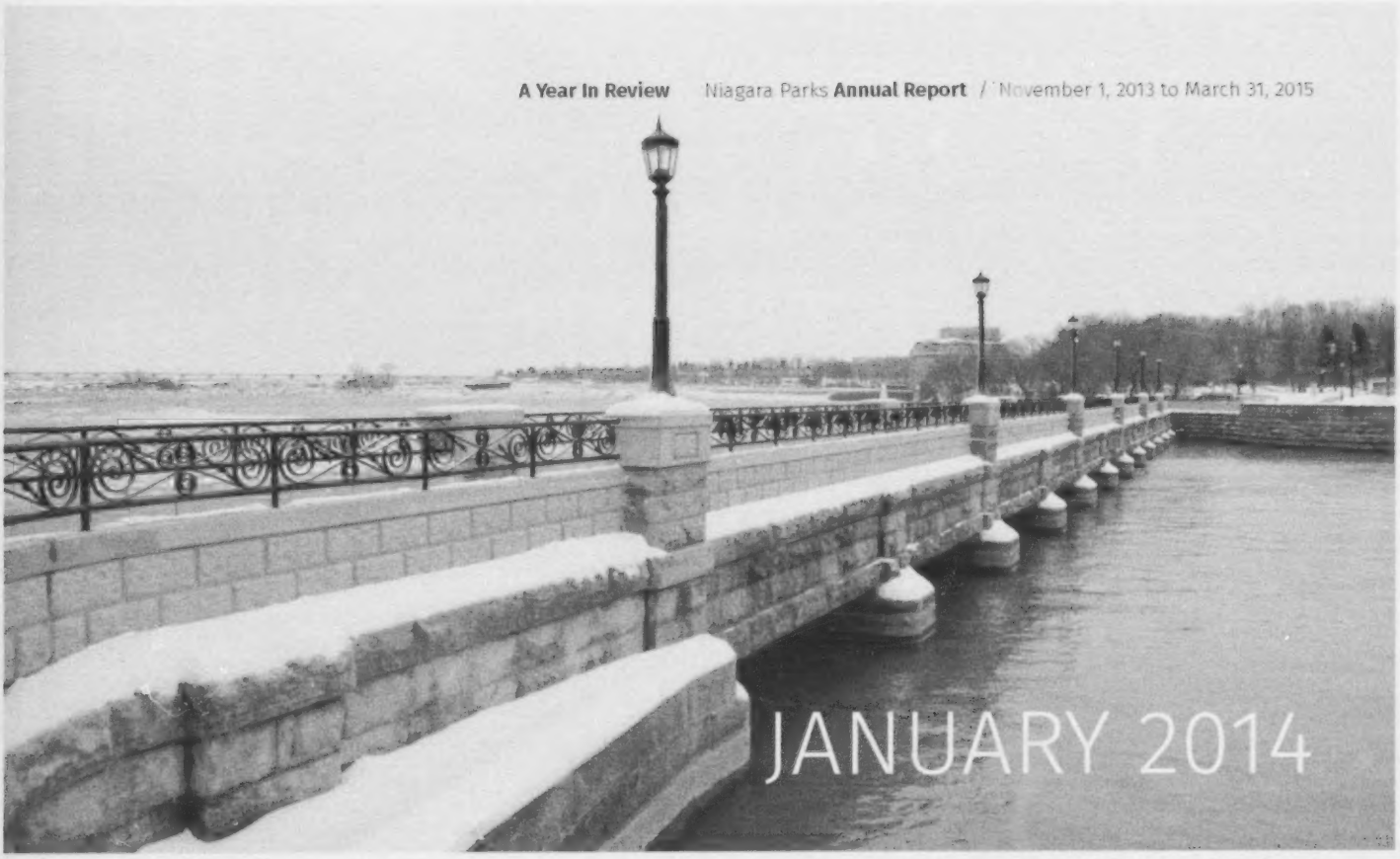
DECEMBER 2013

NPC Commemorates

December 2013

Niagara Falls Illuminated in Colours of the South African Flag in Honour of Nelson Mandela

In commemoration of the passing of South African statesman and honorary Canadian citizen Nelson Mandela, the Niagara Falls Illumination Board illuminated both the American and Canadian Horseshoe Falls in blue, red, yellow and green (representing the South African flag) throughout the evening of December 15, as a means to pay tribute to Mandela, on the date of his official state funeral.



NPC Rehabilitates

December 20, 2013

Construction Completed on Canadian Niagara Power Bridge

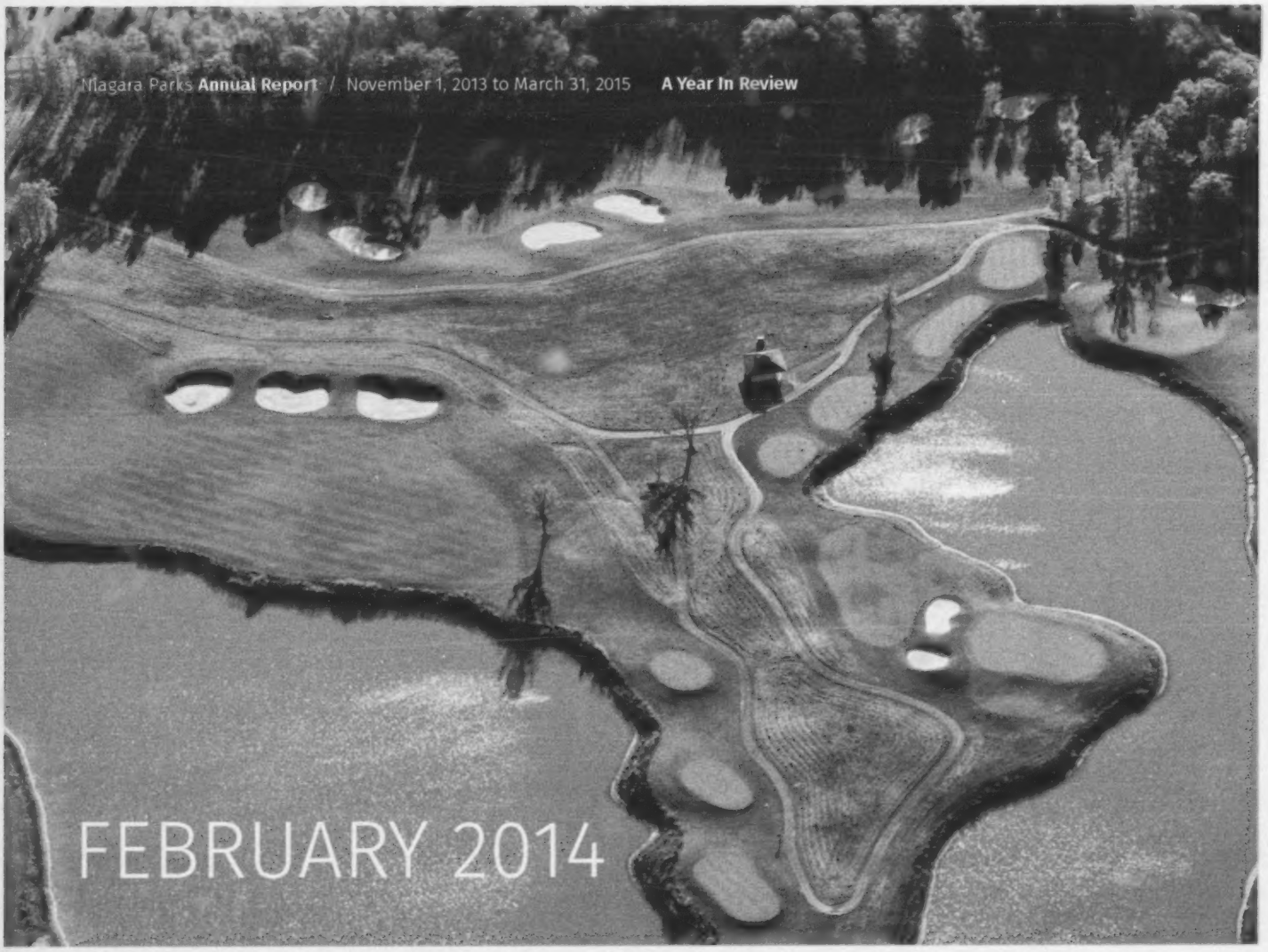
On December 20, 2013, Niagara Parks announced that the rehabilitation work on The Canadian Niagara Power (CNP) Bridge had been completed. Built of stone, steel and concrete, the century old bridge is made up of five specific individual spans, each extending just over 90 metres (298 feet) in length. The beautifully crafted stone used in both the piers and archways of the bridge was sourced from the former Queenston Quarry Company, which was in operation at the time. The architectural masonry stonework of the arched facades are 100 per cent self-supporting, similar to that of a roman arch. An innovative aspect to this work was the establishment of a new year-round pedestrian walkway along the CNP weir, the former site of the 'Ice Drag,' an electrically powered locomotive utilized to remove ice before it could enter the CNP forebay. This novel design now provides a breathtaking vantage point of the Niagara River and Niagara Falls for all those who wish to visit Niagara Parks.

NPC Recycles

January 2014

Project Tree-Cycle 2014

As part of its annual Project Tree-cycle program, held on January 18, 2014, Niagara area residents were invited to spend the day on the grounds of the Niagara Parks School of Horticulture and Botanical Gardens and collect free wood chip mulch, provided by Niagara Parks staff from recycled Christmas trees. Winter is truly a special time at the grounds of the Botanical Gardens. Visitors can enjoy a leisurely walk to take in the winter form of plants, discover the student designed winter displays found throughout the gardens, visit the ornamental bird collection (aviary) or watch the many different species of birds that make the Niagara Glen and the Botanical Gardens their home.



NPC Preserves

February 2014

Legends on the Niagara Golf Course Recognized for Environmental Excellence

On February 4, 2014, NPC's Legends on the Niagara Golf Complex was recognized as having achieved the designation as a "Certified Audubon Cooperative Sanctuary," by Audubon International, after having completed its rigorous Cooperative Sanctuary Program for Golf Courses. Since 2004, The Niagara Parks Commission had been working with Audubon International to achieve this prestigious designation, which reflects the Commission's commitment to environmental stewardship and preservation at this renowned golf complex.

NPC Educates

February 2014

Niagara Parks Butterfly Conservatory Hosts New Swamp Creatures Exhibit

On February 8, 2014, The Niagara Parks Butterfly Conservatory launched its newest family-friendly educational exhibit, "Swamp Creatures". Featuring animals from the world's wetlands, the new exhibit was created by Little Ray's Reptile Zoo of Ottawa and was on display until May 11, 2014. The popular exhibit included species such as: Cuvier's Dwarf Caiman, Dumeril's Monitor, Alligator Snapping Turtle, Stinkpot Turtle (indigenous), Pink Salmon Bird-eating Tarantula, Bullfrog, Budgett's Frog, and Norwegian rats.

MARCH 2014

NPC Graduates

March 2014

Class of 2014 Celebrates its Graduation at NPC School of Horticulture

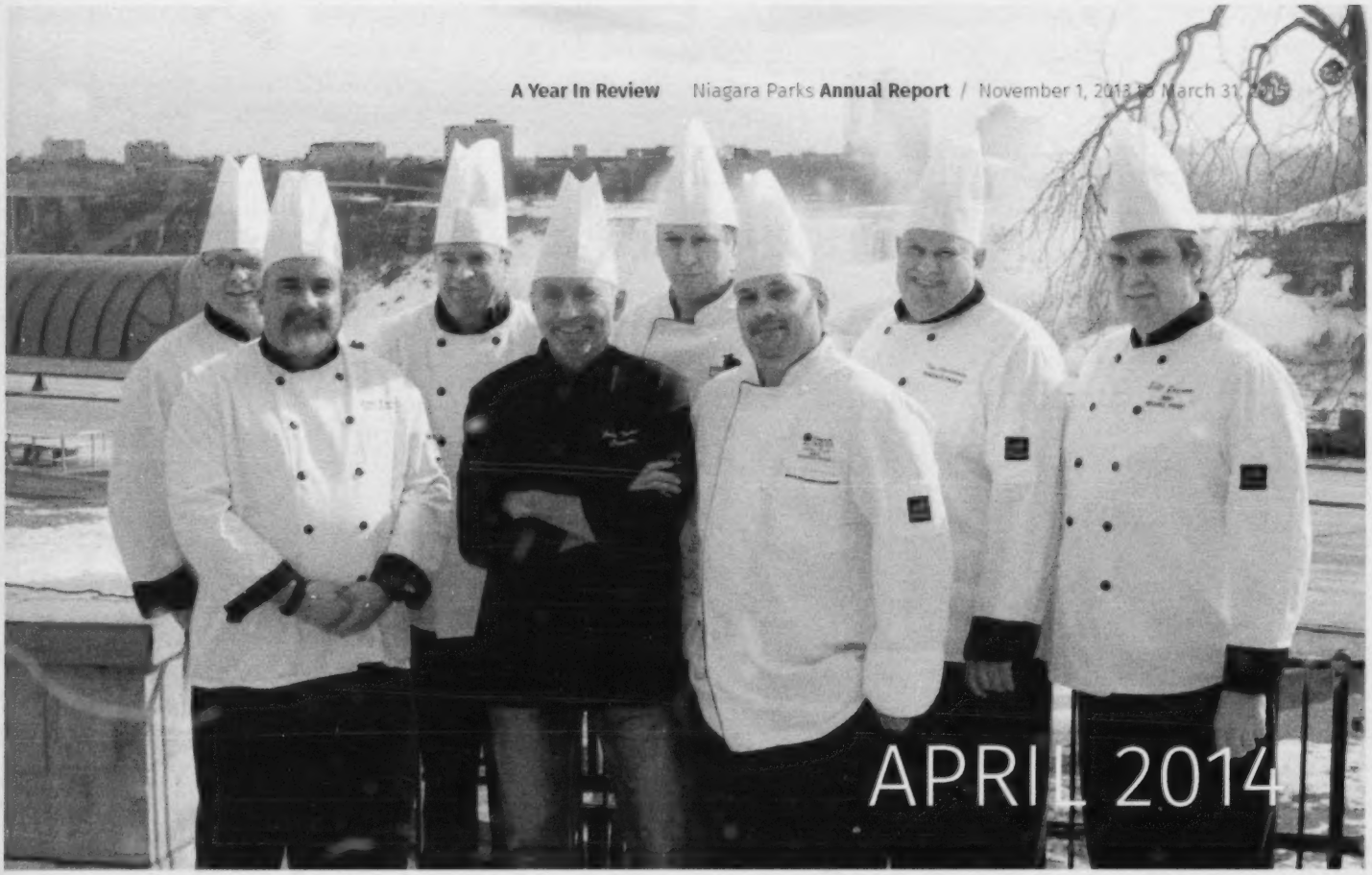
On Saturday, March 29, 2014, The Niagara Parks Commission was pleased to be joined by the numerous friends and family members of its most recent graduating class from its prestigious School of Horticulture. Horticultural excellence, preservation and training are important hallmarks of Niagara Parks and they have been embodied in the work and efforts of the School and students throughout the years. The class of 2014 included (from left to right) – front row, Sarah Burt (far left), Kyle Berwick, Brendan Hendriks, Andrew Christie, Jaana Pearson Paavola. Second Row, Grifin Mangrove, Leslie Revell, Fatima Omar, Kristen Sandvall, Third Row, Kara Wolowidnyk, Jeff Windelmolen, Sarah McHattie

NPC Agreement

March 2014

NPC and its Parks Employees Reach New Four-Year Contract Agreement

On March 14, 2014, Niagara Parks was pleased to announce it had reached a new four-year contract agreement with its Parks Employees, members of the Ontario Public Service Employees' Union (OPSEU) Local 217. The formal Memorandum of Agreement had been ratified by both parties, with members of Local 217 voting on the new accord on Wednesday, March 5, 2014 and the Commission Board authorizing adoption of the new agreement on March 14, 2014.



NPC Showcases

April 2014

Niagara Showcase of Chefs Returns to Edgewaters Restaurant

On April 6, 2014, The Niagara Parks Commission was pleased to host the return of its popular Niagara Showcase of Chefs event. Executive chefs from well-known properties throughout the city joined NPC to highlight the creative skill and delicate cuisine that can be found right here in Niagara. VQA wine and beer tastings, along with decadent desserts helped round out the experience, as guests were able to take in the unparalleled views of Niagara Falls from Niagara Parks' historic venue.

NPC Supports

April 2014

Butterfly Conservatory Site for Launch of Canadian Wildlife Foundation 'Get To Know' Program

On April 25, 2014, NPC's Butterfly Conservatory, with the assistance of students from Loretto Catholic Elementary School's Eco Team, helped celebrate the launch of the 2014 Canadian Wildlife Federation's Get to Know program. NPC is an official sponsor of the Get To Know program, which invites youth across Canada and the U.S. to create works of art, photography, video, writing or music to celebrate biodiversity. During the event, students learned about the important survival strategies of woodland creatures, then took part in a guided tour of the Conservatory and its interactive Swamp Creatures exhibit.

MAY 2014

NPC Grows

May 2014

Niagara Parks Hosts Forests Ontario Community Tree Planting Event

On Saturday, May 3, 2014, Niagara Parks was pleased to once again partner with Forests Ontario (formerly Trees Ontario), in a province-wide free community tree planting event, which took place across from the Niagara Parks Nature Centre. Close to 100 volunteers joined Niagara Parks staff and Forests Ontario officials to support their community in a local reforestation project and learn more about the benefits of trees, shade and green urban spaces. More than 500 trees were planted that day, as part of NPC's overall plan in 2014, to plant more than 30,000 trees on the over 1,300 hectares of property it is entrusted to protect.

NPC Welcomes FCM

May 2014

NPC's Table Rock Centre Host Site for Federation of Canadian Municipalities Opening Reception

On Friday, May 30, 2014, Table Rock Centre was the site for the largest gathering of municipal leaders in Canada, as part of the opening reception for the Federation of Canadian Municipalities (FCM) 2014 Annual Conference and Trade Show. This was the first time Niagara had been selected to host the FCM conference, which represents and brings together the leaders of the almost 2,000 municipal communities in Canada. With the Falls serving as their backdrop, the delegates were glowing in their praise of Niagara Parks and all that Niagara was able to provide during the four day conference. Niagara Parks was also pleased to host three well attended conference tours, showcasing its diverse properties, responsibilities and practices with delegates from across the country.

NPC Grand Opening

May 2014

Grand Opening of NPC Grand View Marketplace

On May 14, 2014, The Niagara Parks Commission was pleased to celebrate the opening of its revitalized Grand View Marketplace. Niagara Parks invested close to $1 million in significant renovations to the Marketplace, a key gateway to the new Hornblower Niagara Cruises, the facility provides breathtaking views of both the Canadian Horseshoe and American Falls. Grand View includes distinctive Niagara Parks' shopping, dining and entertainment options that were designed to capture the attention of visitors from across the world.

"Niagara Parks is a meeting place for people from throughout the world. On any given day, you can move throughout our Parks sites and facilities and hear various languages being spoken from people from around the world. Yet, they are all here in our Park system united by one common bond: To experience the beauty and majesty that is Niagara Falls."

- Chair Janice Thomson, Speaking to delegates attending the Federation of Canadian Municipalities Opening Reception at Table Rock Centre, May 30, 2014

NPC Tastes

June 2014

NPC Chefs Celebrate Regional Tastes

Niagara Parks was pleased to join the Ontario Culinary Tourism Alliance (OCTA) in June 2014, as it shares in the aims of the Alliance to support and promote culinary tourism in Ontario. As members of OCTA, NPC's culinary services team have committed themselves to carrying local food products and to promote culinary tourism in the province. In conjunction with this, NPC began work toward achieving designation as part of the OCTA's "Feast On" program, which helps to further develop Ontario's culinary identity and celebrating its regional tastes by championing local and seasonal ingredients.

NPC Welcomes Hornblower

June 2014

Hornblower Niagara Cruises Official Opening and Christening Ceremony

On June 10, 2014, Niagara Parks was pleased to take part in the official launch and christening ceremony of the newest tourism attraction and boat tour operator, Hornblower Niagara Cruises (HNC). In February of 2012, following an open bidding process, Niagara Parks announced HNC as the successful proponent to operate boat tours from the lands of The Niagara Parks Commission. Over a two-year period, significant planning, detailed work and financial investment was required by both Hornblower and Niagara Parks to deliver an enhanced tourism experience that would be of benefit to Niagara Parks, all visitors and the entire tourism destination. On this day, Chair Janice Thomson joined Terry MacRae of Hornblower, his family and team in christening HNC's two new 700 passenger catamarans, *Niagara Thunder* and *Niagara Wonder*.

NPC Evaluating Marina

June 2014

Niagara Parks Conducts Visioning Exercise on Marina at Miller's Creek

On June 17, 2014, NPC hosted a well-attended Public Information Centre (PIC) at its Old Fort Erie Welcome Centre seeking input from the community on the future of NPC's Marina. At this session, members of the public had an opportunity to meet with the NPC project team and consultants and provide feedback as the Commission began to chart a vision for the future of the Marina. The draft principles and objectives put forward during this visioning exercise focused on: maximizing water-based recreation and related amenities; enhancing public access and activities along the Niagara River shoreline; ensuring financial sustainability and providing community benefi+ NPC plans to enhance the Marina and to strengthen the visitor experience along this route by providing a node of interest and complementary attractions that conform to the overall mission and mandate of NPC.

NPC Welcomes CWT

June 2014

Canadian Women's Tour Event Held at Legends on the Niagara

The Canadian Women's Tour made its second stop of the season at NPC's Legends on the Niagara Golf Complex on June 23 to June 25, 2014. The event featured some of the top amateur and professional players – from Canada and abroad – competing in a two-day 36-hole stroke play competition for a $60,000 purse. Played at Legend's Battlefield Course, the tournament was won by 16-year old amateur Brooke Henderson, of Smiths Falls, Ontario, who only days earlier had finished tenth in the Ladies Professional Golf Association (LPGA) U.S. Open.

NPC Achieves

June 2014

Niagara Parks Awarded Six 2014 TripAdvisor Certificates of Excellence Awards

In June, NPC was honoured to have received six TripAdvisor® Certificate of Excellence awards for its top performing sites and attractions: Journey Behind the Falls, Mackenzie Printery, McFarland House, Old Fort Erie, Legends on the Niagara and the Niagara Glen Nature Centre. These awards recognize hospitality excellence and are given to organizations that consistently achieve outstanding traveler reviews on TripAdvisor. According to NPC Chair Janice Thomson, "Niagara Parks was delighted to have received these awards as it continually strives to offer its customers the most memorable of experiences when visiting Niagara Parks. This recognition is evidence of the hard work and dedication of staff in helping to make Niagara Parks a destination of choice for visitors from around the world."

NPC Re-enacts

July 2014

Battle of Chippawa Re-enactment

Thousands of people gathered on the Chippawa Battlefield on Saturday, July 5, 2014, to help mark the 200th Anniversary of this historic battle. Over 800 volunteers recreated the actions of the soldiers, militiamen and warriors, who two centuries earlier had marched onto the fields of Samuel Street's farm, to engage in a bloody battle. The Battle of Chippawa cost the lives of 200 American, British, Canadian and Native warriors allied to both sides, many of whom are thought to be buried at the site. The Battle also marked the first time American regulars defeated their British counterparts in a stand-up military action.

NPC Pays Tribute

July 2014

Landscape of Nations Memorial to be Placed at Queenston Heights

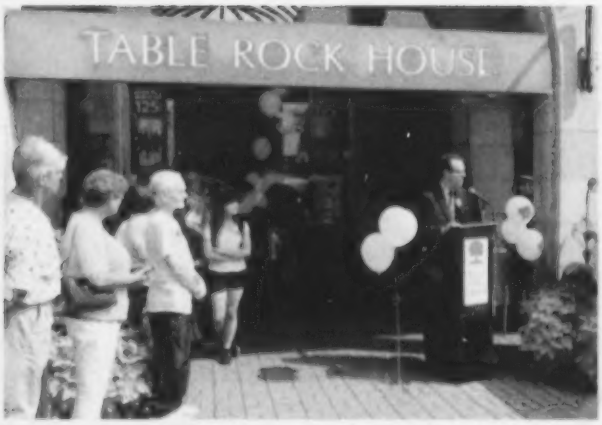
On Friday, July 25, 2014, Niagara Parks Chair Janice Thomson, was pleased to be joined by members of the Town of Niagara-on-the-Lake's War of 1812 Bicentennial Committee, representatives of Six Nations, memorial designer Tom Ridout and Six Nations artist Raymond Skye, in announcing plans for the establishment of a War of 1812 Native Memorial, on the grounds of Queenston Heights Park. Because of its significant involvement in historical preservation initiatives, namely the several War of 1812 sites found within the Niagara region, Niagara Parks is pleased to be involved in this project, which seeks to honour the significant contributions made by First Nations, during the War of 1812.

NPC Commemorates

August 2014

Re-enactment Weekend Commemorating 200th Anniversary of the Siege of Fort Erie

To help mark this significant anniversary, an action packed schedule of events was held on the weekend of August 9 and 10, 2014, including a commemorative service and the largest ever battle re-enactment conducted on the grounds of the Old Fort. The Siege of Fort Erie has become Canada's largest annual battle re-enactment and for close to three decades now, thousands of re-enactors and visitors have gathered at NPC's Old Fort Erie to commemorate the events of the War of 1812, which transformed the hallowed grounds of the Fort into Canada's bloodiest battlefield.



NPC Celebrates 125 Years

August 2014

Niagara Parks Celebrates 125th Anniversary of the Journey Behind the Falls Attraction

On August 22, 2014, Niagara Parks celebrated the 125th Anniversary of its Journey Behind the Falls attraction and helped mark the occasion by undertaking a month-long celebration highlighting the popular tourism site and its importance to NPC and visitors from around the globe. As part of its celebratory plans during the month, NPC engaged its visitors with an enhanced interpretive program to share more of Journey's unique history. During August, Niagara Parks was able to share 31 interesting stories and facts – one each day - about the attraction on its website and through its Facebook page and Twitter account to engage visitors and encourage them to share their stories, thoughts and images about this popular tourism attraction. Free "birthday cake" was provided during the event at Table Rock followed by a special illumination of the Falls, coinciding with Falls Fireworks to help recognize this achievement and significant moment in NPC's history.

NPC Shines

August 2014

Onguiaahra: Thunder of Waters Sound and Light Laser Show

Following on the celebrations of the 125th anniversary of the Journey, NPC was pleased to present an exciting new family entertainment experience, combining the power of water, sound and laser light to showcase the beauty, mystery and magic of Niagara Falls. Queen Victoria Park was the site of a multimedia water theatre, where the story of Niagara and the Falls came to life through characters in time, narration and an incredible choreographed laser light show projected on a 30 by 11 metre (100 by 35 feet) water and mist screen. Onguiaahra (ON-GEY-AIR-RAW), or Thunder of Waters, is a word used in several First Nation languages to describe the beauty and power that is Niagara Falls. Inspired by this story, NPC developed an innovative 40 minute show about Niagara Falls and how it has been viewed and described over the years.

SEPTEMBER 2014

NPC Grows

September 2014

Niagara Parks Celebrates the Opening of Legacy Prairie Garden in 2014

NPC Chair Janice Thomson and General Manager John Lohuis, were pleased to join the alumni, students and staff of The Niagara Parks Commission School of Horticulture, as well as representatives of the Ontario Parks Association on Saturday September 13, 2014, to celebrate the opening of NPC's newest Botanical Garden feature, the Legacy Prairie Garden. The garden was built in tribute to the partnership and founding of both The Niagara Parks Commission's School of Horticulture and the Ontario Parks Association in 1936. The new garden is based on themes of sustainability and education and will serve as a teaching ground and provide stewardship and leadership principles to the students and visiting public to the NPC Botanical Gardens.

OCTOBER 2014

NPC Agreement with CWF

October 2014

Niagara Parks and Canadian Wildlife Federation Enter Into Partnership Agreement

On October 17, 2014, The Niagara Parks Commission and Canadian Wildlife Federation officially signed a Memorandum of Understanding (MOU) to support and enhance the stewardship and conservation practices of both organizations, as well as the public outreach and educational programming that both organizations provide. The MOU is the first of its kind for Niagara Parks and builds on a foundation of years of horticulture excellence and research performed by NPC's School of Horticulture and Botanical Gardens. It is the hope of both parties that the MOU will also promote the sharing of educational, horticultural and scientific expertise, to support the mandates and efforts of both teams. And who better for Niagara Parks to partner with than the Canadian Wildlife Federation, an organization dedicated to fostering awareness and appreciation of our natural world – much as Niagara Parks has done since its founding in 1885.

NPC Staff Awards

October 2014

NPC Corporate Awards of Excellence

On Wednesday, October 29, 2014, Niagara Parks was pleased to recognize and honour the exceptional performance and dedication of its staff through its NPC Corporate Awards of Excellence program. In 2014, awards were presented to employees in the following categories: Customer Service, Innovative Business Solutions and the Chair's NPC Award of Excellence. Presented to both individuals and staff teams, a total of 52 NPC employees were lauded for their efforts and commitment to the Commission. Chair Janice Thomson and General Manager John Lohuis were pleased to make these presentations, during NPC's annual fall staff update, held at the Legends on the Niagara Golf Complex.

NPC Apprentice Dinner

November 2014

Queenston Heights Restaurant Hosts Ninth Annual Apprentice Cooks and Chefs Showcase Dinner

As hosts to one of the largest culinary apprentice programs in Ontario, NPC was pleased to honour 12 fine chefs-in-the-making, when it held its ninth annual Apprentice Cooks and Chefs Showcase Dinner on Thursday, November 6, at Queenston Heights Restaurant. NPC's apprentice scholarship award program was created to recognize an individual's work performance, community involvement and overall career aspirations in the food service industry. The highly anticipated ticketed event, is open to the public and features a six-course, wine-paired dinner, created and prepared by NPC's chefs in partnership with its apprentice cooks, featuring local produce and Niagara VQA wine pairings.

NPC Appreciates

December 2014

NPC Recognizes Contributions of Niagara 1812 Legacy Council

During its regularly scheduled Commission meeting on December 19, 2014, NPC acknowledged the tremendous assistance and support of the Niagara 1812 Legacy Council for their work and contributions during the Bicentennial Commemorations of the War of 1812. NPC Chair Janice Thomson, General Manager, John Lohuis and Superintendent of Heritage, Jim Hill, took part in the presentation of NPC Certificates of Appreciation to the Legacy Council and its staff for the leadership role they had taken in coordinating, supporting and funding several of the significant events and ceremonies that took place during the Bicentennial period. Working together, NPC and the Legacy Council were able to hold hugely successful events, such as the Battle of Queenston Heights re-enactment in 2012, the celebration of Laura Secord's famous journey into history in 2013, and the large scale re-enactments that took place at Chippawa Battlefield and Old Fort Erie in 2014.

NPC Recognizes Achievement

December 2014

Niagara Parks Commendations Presented During December Commission Meeting

At the December 19 Commission Meeting, Chair Janice Thomson and Niagara Parks Police Chief Carl Scott honoured members of the Niagara Parks Police team. During the meeting, Niagara Parks Police Sergeants Lance Dobbin and Chris Gallagher were recognized for their efforts in a search and rescue operation in 2012. Sergeant Dobbin, along with Niagara Parks Police Constable John Gayder, and Rene Huessy, Chief Pilot for Niagara Helicopters Limited were also commended for a 2014 tactical search and rescue procedure in which they assisted an injured member of the public from the Niagara Gorge. The Niagara Parks Police organization also introduced its High Angle River Team (H.A.R.T.) pin to recognize the training and skills of its dedicated officers. During the meeting, members of H.A.R.T were presented with a pin to signify their training and commitment to the team. H.A.R.T members who received the pin include: Sergeant Alex Tacinelli, Sergeant Lance Dobbin, Sergeant Chris Gallagher, Constable John Gayder, Constable Harry Claassen, Constable Carl Renshaw, Constable Maureen Whittard, Constable Jason Seaward, Constable Shawn Black and Constable Tom Szczygiel.

NPC Entertains

December 2014

New Year's Eve Celebrations in Queen Victoria Park

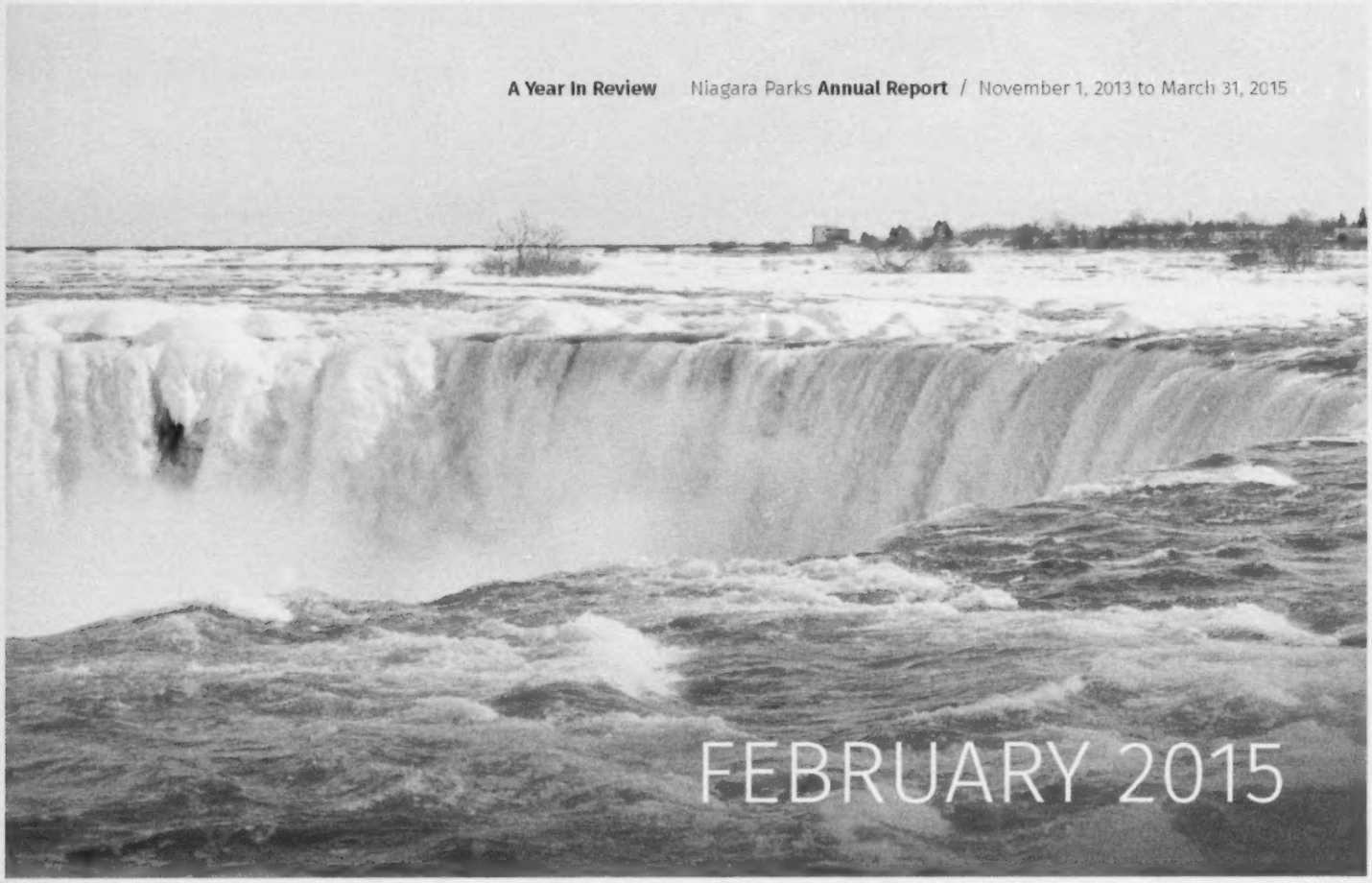
Niagara Falls and Queen Victoria Park were once again the place to be on New Year's Eve, as thousands of visitors gathered to ring in the New Year and enjoy a tremendous concert featuring performers Keith Urban, Nick Jonas, Lights, and Shawn Mendes. Broadcast live across the country by Entertainment Tonight Canada, the show not only included fantastic live performances, as well as two spectacular fireworks displays, it also showcased the natural beauty of Niagara Falls and Niagara Parks for Canadians across the country.

NPC Informs

January 2015

NPC Hosts Emerald Ash Borer Public Information Centre

On Tuesday, January 13, 2015, NPC Parks and Forestry staff conducted a Public Information Centre (PIC) to share information on the proactive plans it had developed to deal with the impacts of the Emerald Ash Borer (EAB) on NPC lands. With an estimated 2,000 ash trees located along the Niagara Parkway and another 120,000 to 180,000 ash trees found at Legends on the Niagara, NPC has been working with other agencies and utilizing modern forestry management techniques to preserve the environmental and esthetic benefits of its tree population. In anticipation of the Emerald Ash Borer, NPC planted over 30,000 new trees and seedlings within the Parks in 2014, including the restoration of over nine hectares (24 acres) at Legends on the Niagara. During 2015 and 2016, an additional 40,000 new trees and seedlings will be planted as part of NPC's forestry restorative efforts.



NPC Invests

February 2015

NPC Undertakes Lower Plaza Improvements at Falls Incline Railway

On February 13, 2015, NPC announced that it would be undertaking additional improvements to the lower level plaza of the Falls Incline Railway, as part of its ongoing efforts to enhance the overall visitor experience within its properties. The redevelopment of the Incline Plaza is intended to create a more welcoming environment for the thousands of visitors entering Niagara Parks each day. More importantly, it will continue to build on NPC's efforts to improve the overall accessibility of its sites and attractions, while enhancing the experience for all those visiting Niagara Parks. Key features of the new Incline Plaza include: heated concrete paving, pathway and accent lighting, decorative fencing, seating and improved way-finding signage, as well as enhanced landscaping features which will better connect and unify the plaza with Queen Victoria Park.

NPC Wins Award

March 2015

Garden Tourism Award

Niagara Parks has become one of Canada's foremost tourism destinations for nature and garden enthusiasts and was recognized as such when, on March 17, 2015, Niagara Falls, Canada was awarded the prestigious "Garden Destination of the Year" award at the North American Garden Tourism Conference held in Toronto. Garden Tourism Awards, presented by the Canadian Garden Council, are given to organizations and individuals who have distinguished themselves in the development and promotion of the garden experience as a tourism attraction.

NPC Agreement

March 2015

NPC and its Servers Union Reach New Contract Agreement

On March 27, 2015, The Niagara Parks Commission (NPC) and its restaurant servers, members of Workers United Canada Council, Local 2347, were pleased to announce that a new four-year contract agreement has been reached and ratified by both parties. The Memorandum of Settlement was approved by the union membership on March 23, 2015 and then later by The Niagara Parks Commission Board at its Commission meeting on March 27, 2015.

NPC Graduates

March 2015

School of Horticulture Graduation Ceremony

On Saturday March 28, NPC was pleased to recognize and celebrate the accomplishments of the graduating class of 2015 from the Niagara Parks School of Horticulture. The class of 2015 included (from left to right): Front row: Bryn Luckhardt, Heather Skrypnyk, Jenny Kuri, Holly Halsey, Tracy Qiu. Second Row: Emily VanderDeen, Dean Ruhnke, Colin Mayer and Hunter Beamish.

Niagara Parks is recognized throughout the world for its stunning parks and gardens, and this is in large measure a result of and reflection of the passion and spirit which are embodied in the horticultural staff and students here at Niagara Parks.

- Chair Janice Thomson, The Niagara Parks Commission School of Horticulture 2015 Graduation Ceremony, Saturday, March 28, 2015

THE NIAGARA PARKS COMMISSION

Economic Performance

A major change this year was the decision of The Niagara Parks Commission to move its fiscal year end, from October 31, 2014 to March 31, 2015. This resulting change is the reason for the creation of this 17-month annual report, as well as accompanying financial statements that capture Niagara Parks' financial position from November 1, 2013 to March 31, 2015.

In order to facilitate the successful move to a new fiscal year, staff were tasked with creating two internal working budgets. The first would cover the previous fiscal year of November 1, 2013 to October 31, 2014. A five-month budget was then also devised to bridge the Commission to its new fiscal year end of March 31. At the end of this period, NPC staff, with the assistance of its auditors, consolidated these results, which have now been formalized in the attached financial statements.

For the 12 months ended October 31, 2014, NPC achieved a surplus in its earnings before interest and depreciation (EBID) of $8.186 million. This was a positive variance of $2.008 million from budget, including a savings of $928 thousand in operating expenditures, as well as a $1.08 million improvement in revenues over budget. Strong performance from the new retail outlet at Grand View Marketplace and increased attendance at NPC's Journey Behind the Falls attraction, which celebrated its 125th anniversary, contributed to the positive results. Highlights of the financial results for NPC for the completed 12 months ended October 31, as well as the financial position to the new year-end of March 31, 2015, are summarized in the table below.

NPC's peak operating season traditionally extends from May to October, and October 31 has been the traditional fiscal year end for NPC. During 2013, the Commission approved a change in its fiscal year end from October 31 to March 31, with the transitioning fiscal year to be November 1, 2013 to March 31, 2015 (17 months). The March 31 year end coincides with the Province of Ontario's fiscal year end and provides efficiencies in financial reporting as well as business plan reporting and capital planning.

It is important to understand the impact of the change in year end from October 31 to March 31, on the 17-month transition budget and the 17-month actual results in the table below. The 17-month transition budget includes two five-month periods of traditionally low revenue production, being November 1, 2013 to March 31, 2014, as well as November 1, 2014 to March 31, 2015. NPC's revenue-producing operations typically experience peak season activity from June to September. Revenues for the five months of November to March usually represent approximately 12 percent of revenue for a normal year, while operating expenses for those same five months represent approximately 30 percent of operating expenses in a normal year. The deficit reflected for the 17 months ended March 31, 2015 is resulting from including two low seasons and one peak season within the same fiscal year – the resulting transition year of this Report.

Nov. 1, 2013 - March 31, 2015 Actual Operating Results

	Results Reflecting Old Year End of Oct. 31			Year End Transition Budget and Actual Results		
(in thousands of dollars)	Nov. 2013 - Oct. 2014 12 months Actual	Nov. 2013 - Oct. 2014 12 months Budget	Nov. 2013 - Oct. 2014 12 months Variance	Nov. 2013 - Mar. 2015 17 month Actual	Nov. 2013 - Mar. 2015 17 month Budget	Nov. 2013- Mar. 2015 17 month Variance
Revenues	$84,059	$82,979	$1,080	$95,235	$92,287	$2,948
Operating Expenses	$75,873	76,801	(928)	99,955	98,843	1,112
Net Surplus (deficit) for the period before interest and depreciation (EBID)	8,186	6,178	2,008	(4,720)	(6,556)	1,836

THE NIAGARA PARKS COMMISSION

Business Climate

Where the Commission's Dollars Came From November 1, 2013 to March 31, 2015

Boat Tour Lease Agreement	$12.5M (24%)
Gift Shops, Restaurants, & Attractions	$11.3M (22%)
Land Rent	$9.7M (19%)
Cash & Cash Equivalents	$5.7M (11%)
Bank Loans	$9.3M (9.3%)
Infrastructure Funding	$2.6M (5%)
Other Income	$0.8M (2%)

Where the Commission's Dollars Went November 1, 2013 to March 31, 2015

Maintenance	$24.9M (48%)
Administration	$14.4M (28%)
Asset Additions	$7.6M (15%)
Interest Paid	$2.4M (5%)
Debt Repayment	$1.9M (4%)
Working Capital	$0.4M (1%)
Cash & Cash Equivalents	$0.3M (1%)

Where the Commission's Dollars Came From 2013 November 1, 2012 to October 31, 2013

Gift Shops, Restaurants, & Attractions	$19.1M (38%)
Cash & Cash Equivalents	$10.1M (20%)
Infrastructure Funding	$9.7M (19%)
Land Rent	$6.7M (13%)
Other Income	$3.8M (8%)
Working Capital	$1.2M (2%)

Where the Commission's Dollars Went 2013 November 1, 2012 to October 31, 2013

Maintenance	$17.2M (35%)
Asset Additions	$16.6M (33%)
Administration	$7.7 M (15%)
Cash & Cash Equivalents	$5.7M (11%)
Interest Paid	$ 1.7M (3%)
Debt Repayment	$1.7M (3%)

Comparative Performance – Gift Shops, Restaurants, and Attractions ($`000)

	2015 Covers 17 Month Period	% Of Sales	2013	% Of Sales
Income	$71,971	100	$66,621	100
Cost of Goods Sold	12,398	17	11,087	17
Gross Profit	$59,573	83	$55,534	83
Operating Expenditures	48,272	67	36,447	55
Net Income Before Administrative Overhead and Depreciation	$11,301	16	$19,087	29

THE NIAGARA PARKS COMMISSION

NPC Attendance

Paid Attractions	**Nov. 1, 2013 to Mar. 31, 2015 (17-Month Period)**	**Nov. 1, 2012 to Oct. 31, 2013 (12-Month Period)**	
Journey Behind the Falls	805,131	689,535	
Butterfly Conservatory	309,977	283,139	
Whirlpool Aero Car	94,523	113,343	Note 1
White Water Walk	183,863	201,322	
Sir Adam Beck	137	11,766	Note 2
Niagara's Fury	326,364	266,113	
Floral Showhouse	36,190	21,273	
Total	**1,756,185**	**1,586,491**	
Golf			
Oak Hall Par 3 Golf Course	1,858	2,034	
Whirlpool Golf Course	19,482	27,079	Note 3
Legends on the Niagara	47,566	50,795	
Total	**68,906**	**79,908**	
Historic Sites			
Old Fort Erie	14,468	14,276	
Laura Secord Homestead	6,308	6,480	
MacKenzie Printery	3,482	4,667	
McFarland House	4,472	2,952	
Total	**28,730**	**28,375**	
Transportation			
WEGO Transportation Service	975,462	923,964	Note 4
Falls Incline Railway	751,460	213,766	
Total	**1,726,922**	**1,137,730**	
Total Attendance	**3,580,743**	**2,832,504**	

Note 1: Whirlpool Aero Car attendance in 2013 was higher due to its substitution for the Journey Behind the Falls attraction during its elevator maintenance. The Whirlpool Aero Car also does not operate during the winter months.

Note 2: Public tours no longer available at Ontario Power Generation Sir Adam Beck Facility.

Note 3: Whirlpool Golf Course opening was delayed until June 2014, due to winter damage sustained.

Note 4: WEGO attendance represents Green Line ridership along the Niagara Parkway only.

*In 2013, boat tour (Maid of the Mist) elevator attendance (elevators operated by NPC) was 1.55 million visitors. Post-2013, the boat tour elevator was assumed by the new boat tour operator (Hornblower Niagara Cruises), which has reported attendance of 1.6 million visitors in 2014.

THE NIAGARA PARKS COMMISSION

NPC Commissioner Remuneration and Expenses – 17-Month Period

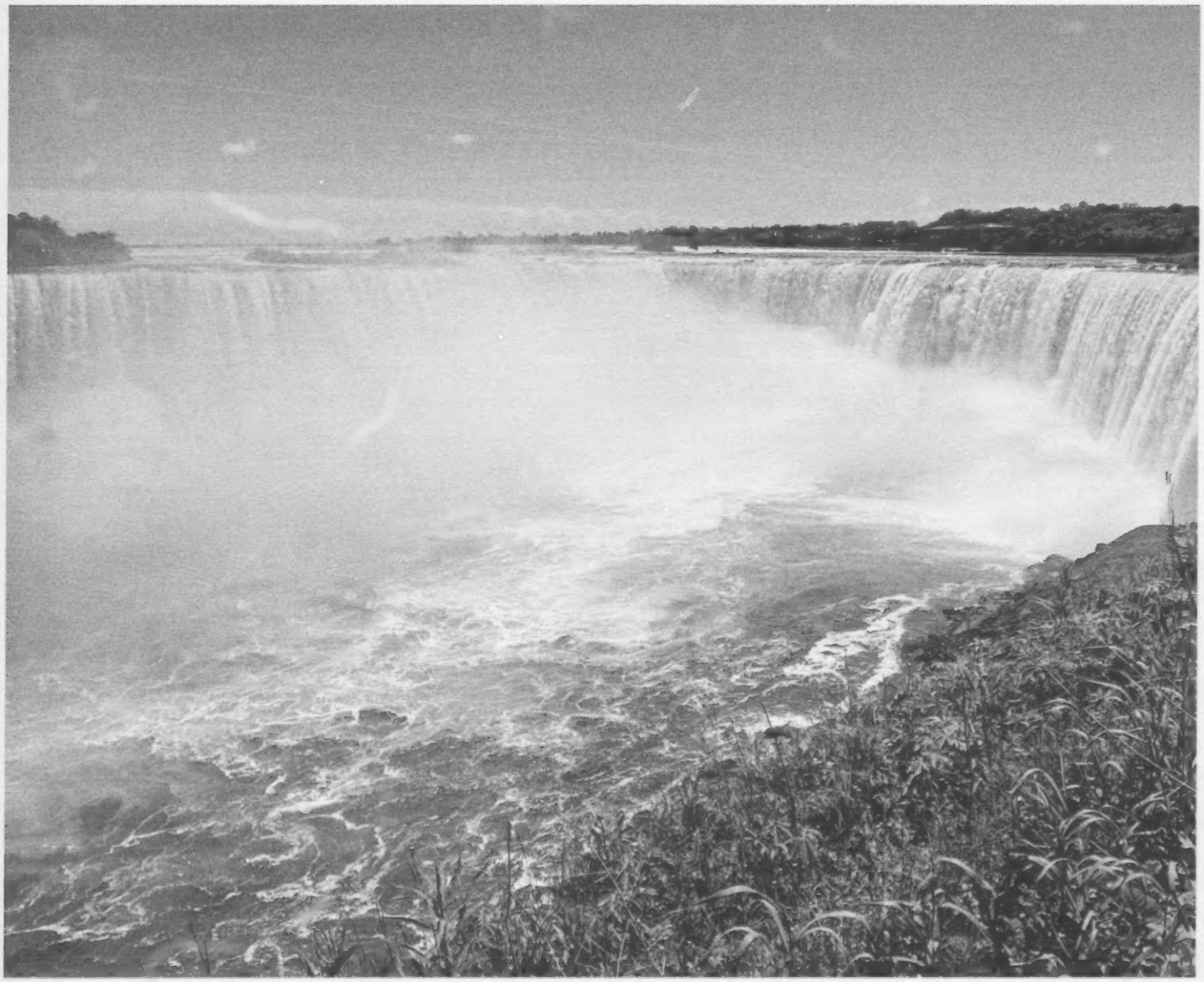
Niagara Parks Commissioners are paid a per diem when working on Commission business and fulfilling their duties as a member of the Commission Board. This per diem is set according to government directive, and during 2014/2015 was set as: $225 for the Chair, $175 for the Vice-Chair and $135 per member of the board.

The table below lists the remuneration paid during the 17-month period November 1, 2013 to March 2015, as well as the out-of-pocket expenses reimbursed during this period to each Commissioner for those expenses incurred while fulfilling their duties as a member of The Niagara Parks Commission Board.

Commissioner	Remuneration	Expenses	Total
Janice Thomson, *Chair*	$31,837.50	$4,235.65	$36,073.15
Joan Andrew, *Vice-Chair*	$3,850.00	$2,602.79	$6,452.79
Pat Darte, *Commissioner*	$0.00	$0.00	$0.00
James Detenbeck, *Commissioner*	$1,417.50	$246.32	$1,663.82
Jim Diodati, *Commissioner*	$0.00	$0.00	$0.00
David Eke, *Commissioner*	$2,160.00	$336.40	$2,496.40
Lois Anne Giles, *Commissioner*	$1,687.50	$175.60	$1,863.10
Michael Goodale, *Commissioner*	$2,160.00	$755.20	$2,915.20
Barbara Greenwood, *Commissioner*	$4,522.50	$158.80	$4,681.30
Vincent Kerrio, *Commissioner*	$0.00	$0.00	$0.00
Douglas Martin, *Commissioner*	$2,295.00	$328.00	$2,623.00
Ian Nielsen-Jones, *Commissioner*	$5,400.00	$1,147.20	$6,547.20
Kerry Pond, *Commissioner*	$0.00	$595.69	$595.69
Wayne Redekop, *Commissioner*	$0.00	$0.00	$0.00
Virginia West, *Commissioner*	$3,240.00	$3,466.46	$6,706.46
Total	**$58,570.00**	**$14,048.11**	**$72,618.11**

THE NIAGARA PARKS COMMISSION

Financial Statements November 1, 2013 to March 31, 2015



THE NIAGARA PARKS COMMISSION

Management Report

March 31, 2015

The Management of The Niagara Parks Commission are responsible for the financial statements and all other information presented in these statements. The statements have been prepared by management in accordance with the framework identified in note 2 in the accompanying audited financial statements.

The financial statements include amounts based on best estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the statements are presented fairly, in all material respects.

Management maintains a system of internal accounting and administrative control that is designed to provide reasonable assurance that the financial information is relevant, reliable, accurate and that the Commission's assets are properly accounted for and adequately safeguarded.

The Board of The Niagara Parks Commission is responsible for gaining assurance that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board, through the Finance and Audit Committee, meets periodically with Management to discuss financial results, auditing matters, financial reporting issues and to satisfy itself that each group is properly discharging responsibilities. The Committee reviews the financial statements before recommending approval by the Board.

The Financial statements have been audited by Grant Thornton LLP, the Commission's appointed External Auditor and in accordance with Canadian generally accepted auditing standards on behalf of the Commission, Minister of Tourism, Culture and Sport and the Provincial Auditor General. Grant Thornton LLP had direct and full access to all Commission records as well as full access to the Finance and Audit Committee with and without the presence of management to discuss their audit and findings as to the integrity of the Commissions financial reporting.

John Lohuis

John Lohuis, General Manager
Niagara Parks Commission
June 19, 2015

M. Neubauer

Margaret Neubauer, Senior Director, Corporate Services
Niagara Parks Commission
June 19, 2015

THE NIAGARA PARKS COMMISSION

Independent Auditor's Report

To The Niagara Parks Commission, The Minister of Tourism, Culture and Sport and the Auditor General

We have audited the accompanying financial statements of The Niagara Parks Commission, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, accumulated surplus, changes in net debt and cash flows for the seventeen months then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements in accordance with the basis of accounting described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of The Niagara Parks Commission for the seventeen months ended March 31, 2015 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to the financial statements.

Emphasis of matters

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

We draw attention to Note 2 to the financial statements which describes the correction in the current period of an error in the prior period.

Port Colborne, Canada
June 19, 2015

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

THE NIAGARA PARKS COMMISSION

Statement of Financial Position

As at March 31, 2015

(in thousands of dollars)	2015	October 31, 2013 (As restated - Note 2)
Financial Assets		
Cash and cash equivalents	$ 322	$ 5,654
Accounts receivable	1,436	3,579
Inventories – saleable	3,889	3,282
	5,647	12,515
Liabilities		
Bank indebtedness (Note 3)	9,305	-
Accounts payable	6,977	7,866
Accrued payroll	2,589	2,834
Deferred revenue (Note 4)	1,418	1,370
Deferred capital funding (Note 5)	26,438	23,435
Long term financing (Note 6)	30,072	31,971
Post-employment benefits (Note 7)	3,697	4,105
Power plant stabilization obligation (Note 8)	28,837	28,087
	109,333	99,668
Net debt	(103,686)	(87,153)
Non-financial assets		
Tangible capital assets (Note 9 and Page 64)	156,675	158,486
Inventories – other	1,476	1,312
Prepaid expenses	873	183
	159,024	159,981
Accumulated surplus (Note 10)	$ 55,338	$ 72,828

See accompanying notes to the financial statements.

Commitments and contingencies (Notes 11 and 12)

On behalf of the Commission

Janice Thomson

Chair

Commissioner

THE NIAGARA PARKS COMMISSION

Statement of Operations

For the seventeen months ended March 31, 2015

(in thousands of dollars)	Budget 2015	**Actual 2015**	Actual Year Ended Oct. 31 2013 (As restated - Note 2)
Revenues			
Revenue producing operations	$ 69,972	**$ 71,971**	$ 66,621
Land rent	9,541	**9,660**	6,678
Commission, rentals and fees	12,671	**12,780**	2,867
Premium on United States funds – net	76	**806**	226
Sundry revenue	27	**18**	120
	92,287	**95,235**	76,512
Expenses (Page 65)			
Revenue producing operations			
Cost of goods sold	11,970	**12,398**	11,087
Operating	43,435	**44,310**	33,239
Maintenance	19,711	**20,404**	14,158
Administrative and police	18,829	**18,881**	10,668
Marketing and promotion	4,898	**3,962**	3,208
	98,843	**99,955**	72,360
Net (deficit) surplus for the period before undernoted items	(6,556)	**(4,720)**	4,152
Other items			
Interest expense – net (Note 13)	2,407	**2,352**	1,660
Amortization of tangible capital assets (Note 14)	11,786	**11,577**	7,755
Amortization of deferred capital funding (Note 5)	(1,850)	**(1,963)**	(712)
(Gain) loss on disposal of tangible capital assets	-	**(24)**	460
Contributed assets	-	**-**	(236)
	12,343	**11,942**	8,927
Net deficit from operations	(18,899)	**(16,662)**	(4,775)
Net increase in power plant stabilization obligation (Note 8)	(925)	**(750)**	(590)
Other capital funding (costs)	(600)	**(78)**	57
Annual deficit	$ (20,424)	**$ (17,490)**	$ (5,308)

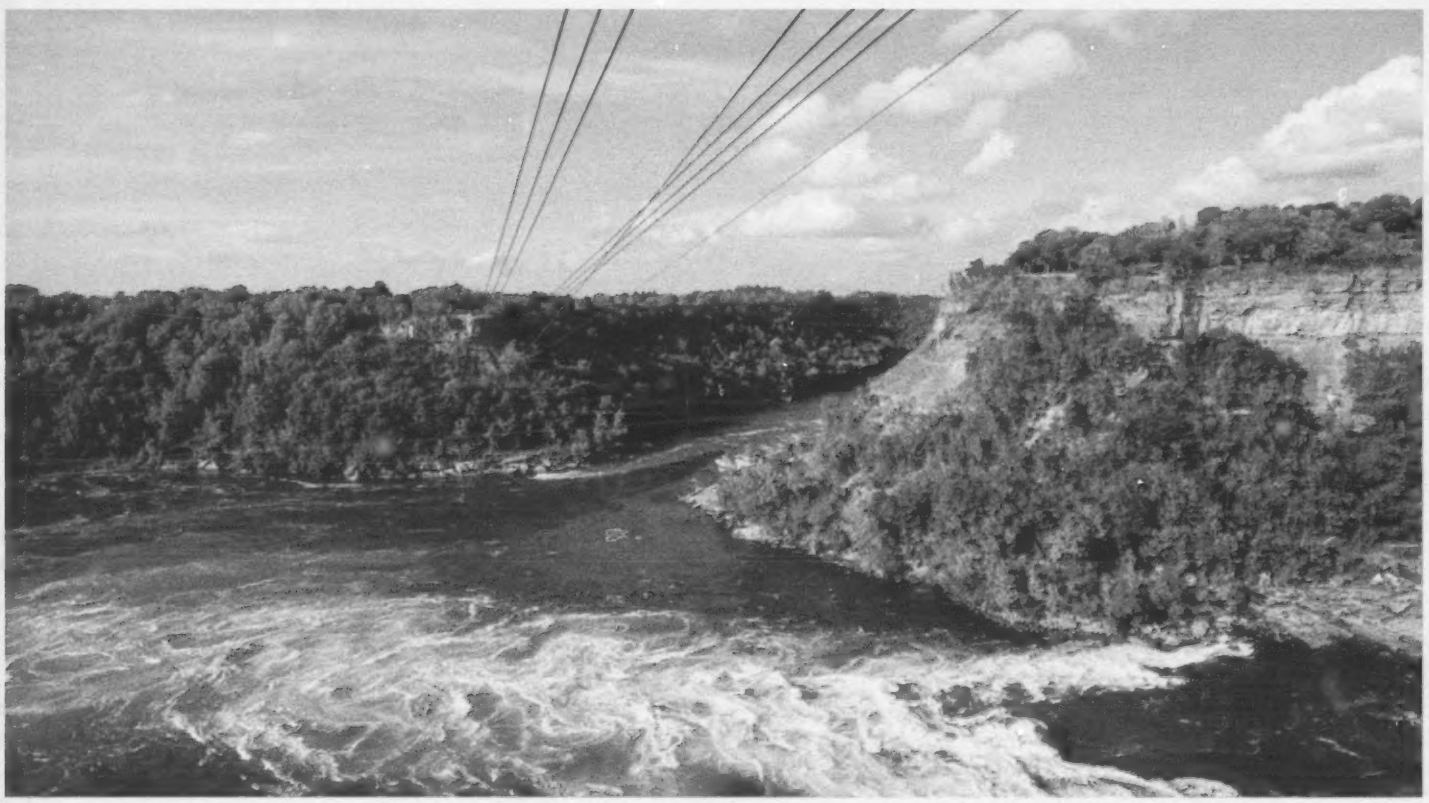
See accompanying notes to the financial statements.

THE NIAGARA PARKS COMMISSION

Statement of Accumulated Surplus

For the seventeen months ended March 31, 2015

(in thousands of dollars)	Budget 2015	**Actual 2015**	Actual Year Ended Oct. 31 2013 (As restated - Note 2)
Accumulated surplus (Note 10)			
Beginning of period as previously reported	$ 72,828	**$ 73,673**	$ 78,136
Prior period adjustment (Note 2)	-	**(845)**	-
As restated	72,828	**72,828**	78,136
Annual deficit	(20,424)	**(17,490)**	(5,308)
End of period	$ 52,404	**$ 55,338**	$ 72,828



THE NIAGARA PARKS COMMISSION

Statement of Changes in Net Debt

For the seventeen months ended March 31, 2015

	Budget 2015	**Actual 2015**	Actual Year Ended Oct. 31 2013
			(As restated - Note 2)
			(in thousands of dollars)
Annual deficit	$ (20,424)	**$ (17,490)**	$ (5,308)
Amortization of tangible capital assets	11,786	**11,577**	7,755
Purchase of tangible capital assets (Note 15)	(7,882)	**(7,569)**	(16,560)
Contributed tangible capital assets	(2,197)	**(2,197)**	(849)
Proceeds from the sale of tangible capital assets	-	**24**	57
(Gain) loss on sale of tangible capital assets – net	-	**(24)**	460
	(18,717)	**(15,679)**	(14,445)
(Acquisition) use of prepaid expenses	-	**(690)**	84
Acquisition of other inventories	-	**(164)**	241
Increase in net debt	(18,717)	**(16,533)**	(14,602)
Net Debt			
Beginning of period	(87,153)	**(87,153)**	(72,551)
End of period	$ (105,870)	**$ (103,686)**	$ (87,153)

THE NIAGARA PARKS COMMISSION

Statement of Cash Flows

For the seventeen months ended March 31, 2015

	2015	Year ended Oct. 31, 2013 (As restated - Note 2)
		(in thousands of dollars)
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual deficit	**$ (17,490)**	$ (5,308)
Charges against income not requiring an outlay of funds		
Amortization of tangible capital assets	**11,577**	7,755
Amortization of deferred capital funding	**(1,963)**	(712)
(Gain) loss on disposal of tangible capital assets – net	**(24)**	460
Post-employment benefits	**62**	411
Increase in power plant stabilization obligation – net	**750**	590
	(7,088)	3,196
Net change in non-cash working capital balances related to operations (Note 16)	**(404)**	384
	(7,492)	3,580
Capital activities		
Purchase of tangible capital assets (Note 15)	**(7,569)**	(16,560)
Contributed tangible capital assets	**(2,197)**	(849)
Proceeds from sale of tangible capital assets	**24**	57
	(9,742)	(17,352)
Financing activities		
Repayment of long term financing	**(1,899)**	(1,705)
Payment of post-employment benefits	**(470)**	(239)
Receipt of capital funding	**4,966**	11,260
	2,597	9,316
Net decrease in cash and cash equivalents	**(14,637)**	(4,456)
Cash and cash equivalents (Note 16)		
Beginnings of period	**5,654**	10,110
End of period	**$ (8,983)**	$ 5,654

THE NIAGARA PARKS COMMISSION

Notes to the Financial Statements November 1, 2013 to March 31, 2015

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the seventeen months ended March 31, 2015

1. Nature of operations

The Niagara Parks Commission (the "Commission") is governed by the Niagara Parks Act. Initially established in 1885, the Commission is an "Operational Enterprise" of the Province of Ontario and is responsible for maintaining, protecting and showcasing over 1,300 hectares of parkland stretching some 56 kilometres along the Niagara River from Lake Erie to Lake Ontario. The Commission is exempt from corporate income taxes under the Income Tax Act (Canada) and Ontario Corporation Tax Act.

The Commission is also classified as an Other Government Organization by the Ministry of Finance and as such, the Commission's audited financial statements are published as part of the Public Accounts.

The Commission has changed its fiscal year end to March 31 effective in 2015. Therefore, current period figures report amounts for the seventeen months ended March 31, 2015 and comparative figures report the amounts for the twelve months ended October 31, 2013.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the financial reporting provisions of the Ontario Financial Administration Act, Ontario Ministry of Tourism Memorandum of Understanding and the accounting requirements of Regulation 395/11 of the Ontario Financial Administration Act. The Ontario Ministry of Tourism Memorandum of Understanding requires that the financial statements be prepared in accordance with the Canadian public sector accounting standards. The Ontario Financial Administration Act provides that changes may be required to the application of these standards as a result of regulation.

Regulation 395/11 to the Ontario Financial Administration Act requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the Statement of Operations at a rate equal to amortization charged on the related depreciable tangible capital assets. These contributions include government transfers and externally restricted contributions.

The accounting requirement under Regulation 395/11 is not consistent with the requirements of Canadian public sector accounting standards which requires that:

- government transfers be recognized as revenue when approved by the transferor and the eligibility criteria have been met unless the transfer contains a stipulation that creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

As a result revenue recognized in the Statement of Operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the seventeen months ended March 31, 2015

2. Significant accounting policies (continued)

Basis of accounting (continued)

The financial statements as at October 31, 2013 and for the year ended October 31, 2013 were prepared under a special purpose fair presentation framework. The Ministry of Finance released Regulation 395/11, Accounting Policies and Practices, in the fall of 2011. On November 1, 2013, the Commission adopted the Standards described above. These are the first financial statements prepared in accordance with the financial reporting provisions of the Ontario Financial Administration Act, Ontario Ministry of Tourism Memorandum of Understanding and the accounting requirements of Regulation 395/11 of the Ontario Financial Administration Act. The Commission has adopted these changes retrospectively. There are no changes to accumulated surplus at October 31, 2013 or annual surplus for the year ended October 31, 2013 as a result of this transition. However, in 2015 management became aware of an error in the recording of contributed tangible capital assets in 2013. Contributed tangible capital assets in the amount of $ 849,000 received in 2013 were reported as other revenue on the Statement of Operations and were not deferred and amortized. The correction of this error has been presented by retrospectively restating the comparative figures as follows:

Increase (decrease)	
Deferred capital funding	$ 845,000
Amortization of deferred capital funding	4,000
Annual deficit	845,000
Accumulated surplus, beginning of period	(845,000)

The significant accounting principles used in the preparation of these financial statements are summarized below.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with maturities of less than three months.

Inventories

Saleable and other inventories are valued at the lower of average cost and net realizable value.

Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at estimated fair value upon acquisition.

The Commission capitalizes an amount of interest as part of the costs of its capital works in progress and financed via long term financing. Works of art for display in the Commission property are not included as capital assets.

Works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. No valuation of the collection has been disclosed in the financial statements.

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the seventeen months ended March 31, 2015

2. Significant accounting policies (continued)

Tangible capital assets (continued)

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the Statement of Operations. Amortization is charged on a monthly basis. Assets under construction are not amortized until the asset is available for productive use.

Amortization is based on the following classifications and useful lives:

Classification	Useful Life
Land improvements, buildings, roadways and structures	7 to 40 years
Equipment and furnishings	3 to 10 years
Vehicles	10 to 12 years

Deferred revenue

Revenue that is restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When qualifying expenses are incurred, restricted revenues are brought into revenue at equal amounts. Revenues received in advance of expenses that will be incurred in a later period are deferred until they are earned by being matched against those expenses.

Deferred capital funding

Government transfers for capital purposes and contributed tangible capital assets are recorded as a liability, referred to as deferred capital funding, and are recognized into revenue at the same rate as the related tangible capital assets are amortized, in accordance with Regulation 395/11 to the Ontario Financial Administration Act, as disclosed above.

Post-employment benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements.

Revenue recognition

Revenue from gift shops, restaurants and attractions are recognized when merchandise has been transferred to the customer or services have been rendered. Revenue from land rent, commissions, rentals, fees and sundry are recognized over the life of the agreement or when earned.

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the seventeen months ended March 31, 2015

2. Significant accounting policies (continued)

Foreign currency translation

These financial statements are presented in Canadian dollars. Assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the Statement of Financial Position date. Gains and losses on translation are reflected in the annual surplus/deficit.

Use of estimates and measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Two areas in which estimates are used are with regards to post-employment benefits and the power plant stabilization obligation.

3. Credit facilities

The credit facilities, which have a maximum borrowing capacity of $ 15,000,000, provide for two types of loans. There is a variable rate option which varies with the Canadian Imperial Bank of Commerce prime rate and there is a fixed rate operating loan facility available with a maximum term not to exceed 364 days at rates which are set relative to banker's acceptance rates. These credit facilities are unsecured and expire on March 31, 2016. As at March 31, 2015 $ 8,654,257 has been drawn upon for all credit facilities (2013 – $ Nil). Taking into account outstanding cheques and deposits, the balance reported on the Statement of Financial Position is $ 9,305,011 (2013 - $ Nil).

4. Deferred revenue

	2015	Year Ended Oct. 31 2013
		(in thousands of dollars)
Defunct power stations (Note 8)	**$ 116**	$ 215
Sale proceeds related to Fort Erie land transaction	**322**	492
Other	**980**	663
	$ 1,418	$ 1,370

Fort Erie land transaction obligation

In fiscal 2009, the Commission and the Peace Bridge Authority ("PBA") entered into an agreement to transfer parcels of land. The PBA acquired a 5.952 acre parcel located in Fort Erie from the Commission for $ 2,021,206. The Commission acquired an option for $ 670,000 plus an annual sum of $ 7,300 adjusted for inflation, to receive 1.973 acres of river front property located at the end of Jarvis Street in Fort Erie from the PBA. The agreement calls for the net proceeds to the Commission in the amount of $ 1,351,206 to be the anniversary of the War of 1812 and b) returning and/or maintaining the Jarvis Street property as parkland.

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the seventeen months ended March 31, 2015

4. Deferred revenue (continued)

The net proceeds were recorded as part of deferred revenue on the Statement of Financial Position. To date approximately $ 982,000 from these proceeds have been spent on the capital works project for the renovation of Historic Fort Erie and approximately $ 47,000 has been spent on the Jarvis Street property maintenance. As of March 31, 2015, approximately $ 322,000 remains for use in 2016 and beyond.

5. Deferred capital funding

	2015	Year Ended Oct. 31 2013 (As restated - Note 2)
		(in thousands of dollars)
Deferred capital funding		
Beginning of period	**$ 23,435**	$ 12,887
Received during period for the following capital projects:		
Incline railway replacement	**-**	3,000
Road resurfacing	**-**	2,000
Bridge rehabilitation	**-**	3,939
Other capital projects	**2,769**	1,472
Contributed assets	**2,197**	849
	4,966	11,260
Amortization	**(1,963)**	(712)
End of period	**$ 26,438**	$ 23,435

6. Long term financing

	2015	Year Ended Oct. 31 2013
		(in thousands of dollars)
Unsecured fixed rate term loan requiring blended payments of principal and interest of $ 2,640,907 per annum, bearing interest at 5.06% through to April, 2027	**$ 24,787**	$ 26,107
Unsecured fixed rate term loan requiring blended first annual payment of $ 543,418 and then payments of $ 569,965 per annum thereafter, bearing interest at 5.07% through to April, 2027	**5,183**	5,754
The Commission has an option to purchase land requiring annual payments of $ 7,300 until January, 2028 (note 3)	**102**	110
	$ 30,072	$ 31,971

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the seventeen months ended March 31, 2015

6. Long term financing (continued)

The principal payments of the long term financial obligations due in the next five fiscal periods are as follows:

2016	$ 1,695
2017	1,772
2018	1,861
2019	1,955
2020	2,054

7. Post-employment benefits

Defined termination benefits

The Commission provides a defined employee future benefit, payable on termination to certain full time employees with a minimum of five years of service. The benefit is calculated on the basis of one week's remuneration, at the time of termination, for every year of full time service provided to the Commission to a maximum of twenty-six weeks. The accrued benefit liability as at March 31, 2015 is $ 3,696,673 (2013 - $ 4,105,056).

The Commission requires that an actuarial valuation of the post-employment benefits be conducted every three years. The last valuation was completed for the seventeen months ended March 31, 2015 with extrapolations for 2016. The latest valuation reflects approved changes by the Commission regarding eligibility and maximum amounts of the benefit payable upon termination.

As a result of an actuarial valuation conducted in 2015 for the seventeen months ended March 31, 2015, it was determined that an actuarial gain of $ 1,253,061 existed. The actual obligation as at March 31, 2015 is $ 2,591,542 (2013 - $ 3,964,172).

Defined benefit plan information		Year Ended Oct. 31
	2015	2013
		(As restated - Note 2)
		(in thousands of dollars)
Employee benefit plan assets	**$ Nil**	$ Nil
Employee benefit plan liabilities	**3,697**	4,105
Employee benefit plan deficit	**$ 3,697**	$ 4,105
Benefit obligation recognized on the statement of Financial Position		
Benefit obligation, beginning of period	**$ 4,105**	$ 3,933
Decrease due to plan amendment	**(246)**	-
Expense for the period	**308**	411
Benefits paid during the period	**(470)**	(239)
Benefits obligation, end of period	**$ 3,697**	$ 4,105

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the seventeen months ended March 31, 2015

7. Post-employment benefits (continued)

	2015	Year Ended Oct. 31 2013 (As restated - Note 2)
		(in thousands of dollars)
The net benefit expenses is as follows:		
Current service cost	**$ 275**	$ 222
Interest cost	**181**	189
Amortization of actuarial gain	**(148)**	-
	$ 308	$ 411

The main actuarial assumptions applied in the valuation of the defined benefit plan are as follows:

Interest (discount) rate – the accrued obligation and the expense for the period were determined using a discount rate of 4.75%.

Salary levels – future salary and wage levels were assumed to increase at 2% per annum.

These assumptions were reviewed in this current period.

Pension benefits

The Commission provides pension benefits for all its permanent employees (and to non- permanent employees who elect to participate) through the Public Service Pension Fund ("PSPF") and the Ontario Public Service Employees' Union Pension Fund ("OPSEU Pension Fund"). These are defined benefit pension plans for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF and a joint sponsor of the OPSEU Pension Fund, determines the Commission's annual payments to the funds. As the sponsors are responsible for ensuring that the pension funds are financially viable, any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the Commission. The Commission's annual payments of $ 3,016,420 (2013 - $ 2,160,074), of which $ 1,508,210 (2013 - $ 1,080,037) represents the employees' portion, are included in the administrative and police expense on the Statement of Operations.

The cost of post-employment, non-pension benefits are paid by the Province and therefore are not included in the Statement of Operations.

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the seventeen months ended March 31, 2015

8. Power plant stabilization obligation

The Province of Ontario directed the Commission to accept ownership of three former electricity generating power stations all located within Commission lands.

The Toronto Power Generating Station ("TPGS") and the Ontario Power Generating Station ("OPGS") were transferred by Ontario Power Generation Inc. ("OPG") to the Commission at no cost in August, 2007. As part of the terms of transfer of TPGS and OPGS, OPG was to undertake certain structural and environmental work to ensure that the buildings were no threat to the public. The Canadian Niagara Power Generating Station ("CNPGS") previously owned by Fortis Ontario was transferred April 30, 2009.

The Ministry of Tourism engaged the services of an architectural firm (The Ventin Group Inc.) to ensure that the original Government Directive governing the initial transfer was complied with and to identify work and related costs required to "stabilize and mothball" all the facilities until an ultimate use for the buildings can be determined. The Ventin Group identified the remaining lead paint at the TPGS and OPGS as a deficiency which OPG should have resealed or encapsulated after cleaning. The Ventin Group reported that there are substantial costs required to bring the three power stations to what would be considered a "mothball" state. Therefore, additional costs would be required to bring these buildings to a "development ready" state. Further, there are in existence certain secondary structures related to TPGS and OPGS that were not accounted for in the original Government Directive that will result in additional remediation costs at some point in the future.

The Commission is of the belief that the acceptance of these power generating stations will require a significant infusion of funds that is beyond its capacity to meet. As at March 31, 2015, ongoing negotiations with the Province have not resulted in any assurance that the Commission will not be responsible for any future costs. Any costs that are expected to be incurred for the purposes described above will not commence without funding received from the Province.

An asset retirement obligation of $ 25,146,000 as of October 31, 2009 was calculated. This value represented the Commission's best estimate of the costs required to "stabilize and mothball" the three power stations based on an engineer report. The report also identified contingency costs of approximately $ 3,600,000 which was not accrued in the asset retirement obligation at that time. The Commission estimates that this work could take approximately three to four years to complete. In order to determine the net present value of the asset retirement obligation, staff have estimated that, subject to financing being received from the Province, work will not commence for several years. The original estimate assumed that the work may commence in 2016. Should this not be the case the net present value of the liability will have to be recalculated in 2016. The cost of capital and the rate of inflation estimated over the course of the calculation was 5.059% and 3%, respectively. This results in a net present value of $ 23,724,061 as at March 31, 2015. This is an increase of $ 676,354 from 2013 and has been recorded in the Statement of Operations.

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the seventeen months ended March 31, 2015

8. Power plant stabilization obligation (continued)

Two additional studies were completed during the year ended October 31, 2010 which identified an additional liability involved with the "stabilization and mothball" process. The first report identified an additional $ 6,305,000 for external/ infrastructure work that is required. The second study identified an additional $ 1,260,000 related to additional costs to stabilize the roofs of the buildings. Together these two reports equal an increase of $ 7,565,000. As previously mentioned it is estimated this work will not commence until 2016 and correspondingly another calculation for the net present value of this additional liability was performed using a cost of capital of 5.059% and inflation rate of 2%, respectively. This results in net present value of $ 7,036,679 as at March 31, 2015 for this portion of the liability. This is an increase of $ 294,794 from 2013 and has also been recorded in the Statement of Operations.

	2015	Year Ended Oct. 31 2013
		(in thousands of dollars)
Power plant stabilization obligation		
Beginning of period	**$ 28,087**	$ 27,497
Current period increase in present value of original obligation	**971**	665
Actual work performed during period	**(221)**	(75)
Net increase in power plant stabilization obligation	**750**	590
End of period	**$ 28,837**	$ 28,087

A capital asset has not been recorded for these properties as there is an impairment in their value, which has been documented in the various studies carried out to date. As at October 31, 2009, the Commission had received $ 1,550,000 in funding from the Ministry of Tourism to assist in the "stabilizing and mothball" process. Approximately $ 116,000 of this funding remains for use in 2016 and beyond. The actual work performed in 2015 was funded from other grants received from the Province.

The Commission has incurred annual costs related to maintenance and security for all sites and has recorded them in the Statement of Operations and are included in the maintenance expense.

Subsequent to March 31, 2015, the Commission engaged the services of The Ventin Group Inc. to review existing studies in order to update the requirements necessary to bring the power plants to a development ready state. This process is expected to be completed in late 2015 and the Power Plant Stabilization Obligation will be updated as necessary.

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the seventeen months ended March 31, 2015

9. Tangible capital assets

	2015			Year Ended Oct. 31 2013
				(in thousands of dollars)
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 14,359	$ -	**$ 14,359**	$ 14,359
Land improvements	17,135	-	**17,135**	17,135
Building, roadways and structures	227,117	107,812	**119,305**	115,697
Equipment and furnishings	41,388	37,019	**4,369**	4,959
Vehicles	3,864	3,077	**787**	697
	303,863	147,908	**155,955**	152,847
Capital works in progress	720	-	**720**	5,639
	$ 304,583	$ 147,908	**$ 156,675**	$ 158,486
Equipment under capital lease included above	$ 69	$ 49	**$ 20**	$ 27

10. Accumulated surplus

	2015	Year Ended Oct. 31 2013
		(As restated - Note 2) *(in thousands of dollars)*
Operating (deficit) surplus	**$ (12,292)**	$ 1,940
Investment in tangible capital assets	**130,237**	135,051
Unfunded		
Long term debt	**(30,073)**	(31,971)
Post-employment benefits	**(3,697)**	(4,105)
Power plant stabilization	**(28,837)**	(28,087)
	(62,607)	(64,163)
Accumulated surplus	**$ 55,338**	$ 72,828

Surplus funds

Pursuant to Section 16(2) of the Niagara Parks Act, any surplus moneys shall, on the order of the Lieutenant Governor in Council, be paid to the Minister of Finance and shall form part of the consolidated revenue fund. As of March 31, 2015 no surplus moneys have been recorded as a liability to the Minister of Finance.

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the seventeen months ended March 31, 2015

11. Commitments

The Commission has committed to approximately $560,000 in capital works projects in the next year.

The Commission has two agreements with a franchisor requiring the payment of service fees of 4% of gross sales and advertising and marketing fees of 2.5% of gross sales. The terms of the agreements are 10 years, expiring in 2016 and 2022.

The Commission leases vehicles, equipment and premises under operating leases expiring in 2017. The total obligation under operating leases amounts to approximately $190,000. Lease payments due in the next three fiscal periods are as follows:

2016	$ 172
2017	9
2018	9

12. Contingencies

The Commission is in litigation pertaining to certain claims for which the likelihood of loss is not determinable and the amount not reasonably estimable. Accordingly, no provision for these claims is reflected in the financial statements.

13. Interest expense - net

	Budget 2015	**Actual 2015**	Actual Year Ended Oct. 31 2013
			(in thousands of dollars)
Interest revenue	$ (20)	**$ (29)**	$ (43)
Loan interest expense	2,427	**2,381**	1,703
	$ 2,407	**$ 2,352**	$ 1,660

14. Amortization of tangible capital assets

	Budget 2015	**Actual 2015**	Actual Year Ended Oct. 31 2013
			(in thousands of dollars)
Amortization of income producing assets	$ 6,661	**$ 6,342**	$ 4,432
Amortization of non-income producing assets	5,125	**5,235**	3,323
	$ 11,786	**$ 11,577**	$ 7,755

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the seventeen months ended March 31, 2015

15. Acquisition of tangible capital assets

During the period, tangible capital assets were acquired at an aggregate cost of $ 9,766,221 (2013 - $ 16,560,754) of which $ 2,197,416 (2013 - $ 849,220) was acquired by means of contributed assets.Cash payments of $ 7,568,805 (2013 - $ 15,711,534) were made to purchase tangible capital assets.

16. Statement of cash flows

	2015	Year Ended Oct. 31 2013
		(in thousands of dollars)
Changes in working capital components include		
Accounts receivable	**$ 2,143**	$ (1,675)
Inventories - saleable and other	**(771)**	60
Accounts payable and accrued payroll	**(1,134)**	1,941
Deferred revenue	**48**	(26)
Prepaid expenses	**(690)**	84
	$ (404)	$ 384
Cash and cash equivalents consist of:		
Cash on hand	**$ 322**	$ 380
(Bank indebtedness) cash held in banks	**(9,305)**	5,274
	$ (8,983)	$ 5,654
Interest received	**$ 29**	$ 43
Interest paid	**$ 2,381**	$ 1,703

17.Financial instruments and risk management

Fair value

The fair value of the post-employment termination benefit was determined using an actuarial valuation based on information presented in Note 7 to the financial statements.

The fair value of the power plant stabilization obligation was determined using a present value calculation presented in Note 8 to the financial statements.

THE NIAGARA PARKS COMMISSION
Notes to the Financial Statements
For the seventeen months ended March 31, 2015

17. Financial instruments and risk management (continued)

Credit risk

The Commission is exposed to a credit risk by its customers. However, because of the large number of customers, credit risk concentration is reduced to a minimum.

Currency risk

The Commission has cash of $ 388,681 that is denominated in U.S. dollars. These funds have been converted to the Canadian equivalent at the rate of $ 1 U.S. equals $ 1.2683 Canadian. The Commission realized approximately 10% of its sales in foreign currency in 2015 (2013 – 12.5%). Consequently, some assets and revenues are exposed to foreign exchange fluctuations.

Cash flow risk

The Commission has variable rate bank overdraft facilities bearing interest which varies with the prime interest rate. Accordingly, the Commission is exposed to cash flow risks relating to potential fluctuations in market interest rates.

18. Comparative figures

Certain 2013 comparative figures have been reclassified to conform to the financial statement presentation adopted in 2015.

THE NIAGARA PARKS COMMISSION
Schedule of Tangible Capital Assets
For the seventeen months ended March 31, 2015

	Land	Land Improvements	Buildings, Roadways and Structures	Equipment and Furnishings	Vehicles	Capital Works in Progress	**2015**	Year ended Oct. 31 2013
							(in thousands of dollars)	
Cost								
Beginning of period	$ 14,359	$ 17,135	$ 214,034	$ 40,604	$ 3,800	$ 5,639	**$ 295,571**	$ 285,940
Add additions	-	-	2,197	1,237	365	5,967	**9,766**	17,409
Less disposals	-	-	-	(453)	(302)	-	**(755)**	(7,778)
Transfers of capital works in progress	-	-	10,886	-	-	(10,886)	-	-
End of period	14,359	17,135	227,117	41,388	3,863	720	**304,582**	295,571
Accumulated amortization								
Beginning of period	-	-	98,336	35,647	3,102	-	**137,085**	136,591
Add amortization	-	-	9,476	1,825	276	-	**11,577**	7,755
Less disposals	-	-	-	(453)	(302)	-	**(755)**	(7,261)
End of period	-	-	107,812	37,019	3,076	-	**147,907**	137,085
Net book value	$ 14,359	$ 17,135	$ 119,305	$ 4,369	$ 787	$ 720	**$ 156,675**	$ 158,486

THE NIAGARA PARKS COMMISSION
Schedule of Expenses by Object
For the seventeen months ended March 31, 2015

(in thousands of dollars)	Budget 2015	**Actual 2015**	Actual Year Ended Oct. 31 2013
Cost of goods sold	$ 11,970	**$ 12,398**	$ 11,087
Salaries, wages and benefits	57,819	**56,635**	43,633
Sales and other	3,334	**4,453**	2,547
Equipment repairs and maintenance	6,310	**5,812**	3,947
Materials and supplies	2,800	**2,663**	2,260
Advertising and promotion	3,934	**3,631**	1,418
Facilities	8,082	**9,506**	5,988
Administrative	4,594	**4,857**	1,480
	$ 98,843	**$ 99,955**	$ 72,360

Welcome TO Niagara Parks